

WGL HOLDINGS INC
Form DEF 14A
January 20, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

SCHEDULE 14A

(RULE 14a-101)

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Under Rule 14a-12

WGL Holdings, Inc.

(Name of Registrant as Specified in Its Charter)

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(Name of Person(s) Filing Proxy Statement, if Other than Registrant)

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WGL Holdings, Inc.
101 Constitution Ave., N.W.
Washington, D.C. 20080

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

The annual meeting of shareholders of WGL Holdings, Inc. will be held at the National Press Club, 529 14th St., N.W.; Washington, D.C. 20045 on Thursday, March 1, 2012 at 10:00 a.m., Eastern Time, for the following purposes, as more fully set forth in the attached proxy statement:

- (1) To elect eight directors;
- (2) To ratify the appointment of Deloitte & Touche LLP as independent public accountants for fiscal year 2012;
- (3) To consider the re-approval of the WGL Holdings, Inc. Omnibus Incentive Compensation Plan;
- (4) To consider and act on an advisory vote regarding the approval of compensation paid to certain executive officers;
- (5) To consider and act on a shareholder proposal relating to cumulative voting, if this proposal is brought before the meeting; and
- (6) To transact any other business properly brought before the meeting and any adjournment thereof.

Only holders of record of the common stock of WGL Holdings, Inc. at the close of business on January 3, 2012, the record date fixed by the board of directors, will be entitled to vote on each matter submitted to a vote of shareholders at the meeting. To assure your representation at the annual meeting, you are urged to cast your vote, as instructed in the Notice of Internet Availability of Proxy Materials, over the Internet or by telephone as promptly as possible. You may also request a paper proxy card to submit your vote by mail, if you prefer.

Any shareholder of record attending the annual meeting may vote in person, even if she or he has voted over the Internet, by telephone or returned a completed proxy card. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the meeting, you must obtain a valid form issued in your name from that record holder. Each holder of common stock is entitled to one vote for each share of stock standing in the name of the holder on the records of WGL Holdings, Inc. at the close of business on January 3, 2012.

By order of the board of directors,

Arden T. Phillips

Corporate Secretary and Governance Officer

January 20, 2012

IMPORTANT NOTICE

YOUR VOTE IS IMPORTANT. TO ASSURE YOUR REPRESENTATION AT THE ANNUAL MEETING, PLEASE VOTE YOUR SHARES AS PROMPTLY AS POSSIBLE OVER THE INTERNET AT WWW.PROXYVOTE.COM OR BY TELEPHONE AT

1-800-690-6903. ALTERNATIVELY, YOU MAY REQUEST A PAPER PROXY CARD, WHICH YOU MAY COMPLETE, SIGN AND RETURN BY MAIL.

ADMISSION TO MEETING

Admission to the annual meeting will be limited to persons who: (a) are listed on WGL Holdings, Inc. s records as shareholders as of January 3, 2012 (the record date), or (b) bring documentation to the meeting that demonstrates their beneficial ownership of WGL Holdings, Inc. common stock through a broker, bank or other nominee as of the record date.

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PROXY STATEMENT

WGL HOLDINGS, INC.

101 Constitution Ave., N.W.

Washington, D.C. 20080

January 20, 2012

INFORMATION REGARDING THE ANNUAL MEETING

This proxy statement is provided in connection with a solicitation of proxies by the board of directors of WGL Holdings, Inc. to be used at the annual meeting of shareholders to be held on Thursday, March 1, 2012 at 10:00 a.m., Eastern Time, and at any adjournment thereof. The annual meeting will be held at the National Press Club, 529 14th St., N.W.; Washington, D.C. 20045. This proxy statement is first being provided to our shareholders on or about January 20, 2012. Throughout this proxy statement, WGL Holdings, the company, we, our or us are intended to refer to WGL Holdings, Inc. and its consolidated subsidiaries, unless specifically indicated otherwise.

You are invited to attend the annual meeting, and we request that you vote on the proposals described in this proxy statement. You do not need to attend the meeting to vote your shares. If you have received a printed copy of these materials by mail, you may complete, sign and return your proxy card or follow the instructions below to submit your proxy vote by telephone or over the Internet. If you did not receive a printed copy of these materials by mail and are accessing them via the Internet, you may follow the instructions below to submit your proxy vote over the Internet or by telephone.

Notice Regarding the Availability of Proxy Materials

In accordance with rules adopted by the Securities and Exchange Commission, instead of mailing a printed copy of our proxy materials to each shareholder of record, we may furnish proxy materials via the Internet. We intend to mail a printed copy of this proxy statement and proxy card to certain shareholders of record entitled to vote at the annual meeting. All other shareholders will receive a Notice Regarding the Availability of Proxy Materials (sometimes referred to in this proxy statement as the Notice). The Notice will first be mailed on or about January 20, 2012.

On the date of mailing of the Notice, shareholders will be able to access all of the proxy materials on a web site referred to in the Notice. The proxy materials will be available free of charge. The Notice will instruct you as to how you may access and review all of the information contained in the proxy materials (including our annual report to shareholders) over the Internet. The Notice also instructs you as to how you may submit your proxy vote over the Internet. If you received a Notice and would like to receive printed copies of the proxy materials, you should follow the instructions for requesting such materials included in the Notice.

Washington Gas Light Company Savings and Capital Appreciation Plans

If you participate in either the Washington Gas Light Company Savings or Capital Appreciation Plan (the 401(k) plans) and you own WGL Holdings common stock in one of those plans, your proxy card will serve as a voting instruction to the 401(k) plan trustee. If you are also a shareholder of record outside of the 401(k) plans, your proxy card (or Internet or telephone vote) will vote both your record shares and your 401(k) plan shares, as long as your registration information is identical in both accounts. For example, if your registered stock account is in your single name and also lists the same address as your 401(k) account, you should receive one proxy card, or Notice for both the 401(k) plan shares and for the shares held by our transfer agent. However, if your shares held by the transfer agent are in joint names, or at a different address, you will receive separate proxy materials for each account. To allow sufficient time for voting by the administrator of the 401(k) plans, your voting instructions must be received by 11:59 p.m. Eastern Time on February 29, 2012.

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One Vote For Each Share Held

At the annual meeting, each holder of WGL Holdings common stock will be entitled to one vote for each share of common stock standing in the name of the holder on the records of WGL Holdings at the close of business on January 3, 2012. Outstanding voting securities as of January 3, 2012, consisted of 51,495,821 shares of common stock.

Shareholders of Record

If your shares are registered directly in your name with Computershare, our transfer agent, you are considered, with respect to those shares, the shareholder of record, and the Notice or this proxy statement is being sent directly to you by our agent. As the shareholder of record, you have the right to vote by proxy or to vote in person at the annual meeting.

Beneficial Owners

If your shares are held in a brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name, and the Notice or this proxy statement and voting instruction form will be forwarded to you by your broker or nominee. The broker or nominee is considered, with respect to those shares, the shareholder of record. As the beneficial owner, you have the right to direct your broker how to vote.

Voting Methods and Procedures

Shareholders of record may vote in any one of four ways:

by telephone;

over the Internet;

in person at the annual meeting; or

by proxy card, if you received a printed copy of the proxy materials by mail.

The procedures for voting by proxy are as follows:

To vote by proxy on the Internet, go to www.proxyvote.com to complete an electronic proxy card.

To vote by proxy using the enclosed proxy card (if you received a paper copy of the proxy materials), complete, sign and date your proxy card and return it promptly in the envelope provided.

To vote by proxy over the telephone, dial 1-800-690-6903 using a touch-tone phone and follow the recorded instructions. Beneficial owners that received a Notice from the shareholder of record should follow the instructions included in the Notice to view the proxy statement and transmit voting instructions. Beneficial owners that receive a printed copy of the proxy materials also may receive a voting instruction form and voting instructions. Those beneficial owners may mail the voting instruction form, or may vote by telephone or over the Internet as instructed in the voting form.

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If you vote via Internet or telephone, your vote must be received by 11:59 p.m. Eastern Time on February 29, 2012 to be counted. Proxy cards must be received before 4:00 p.m. Eastern Time on February 29, 2012 or submitted at the annual meeting in order to be counted.

We provide Internet proxy voting to allow you to vote your shares online, with procedures designed to ensure the authenticity and correctness of your proxy vote. However, please be aware that you must bear any costs associated with your Internet access, such as usage charges from Internet access providers and/or telephone companies.

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Receipt of More Than One Notice or Proxy Card

If you received more than one Notice or proxy card, your shares are probably registered in more than one name or are registered in different accounts. Please follow the voting instructions included in each Notice and proxy card to ensure that all of your shares are voted.

Voting Shares in Person at the Annual Meeting

Shares held directly in your name as the shareholder of record may be voted in person at the annual meeting. In order to vote at the annual meeting, shareholders of record must bring their Notice or proof of ownership. Beneficial owners must obtain a valid proxy from the record owner to vote in person at the annual meeting. Beneficial owners should follow the instructions provided by their broker or contact their broker to request the requisite proxy form. Even if you currently plan to attend the annual meeting, we recommend that you also submit your proxy as described above so that your vote will be counted if you later decide not to attend the meeting. You may still attend the meeting and vote in person if you have already voted by proxy.

Consideration of Proposals Presented at the Annual Meeting

Other than the election of directors and the four other proposals described in this proxy statement, we do not expect any matters to be presented for a vote at the annual meeting. If you grant a proxy, Terry D. McCallister, Chairman and Chief Executive Officer, Adrian P. Chapman, President and Chief Operating Officer, and Vincent L. Ammann, Jr., Vice President and Chief Financial Officer (collectively referred to as the proxyholders) will have the discretion to vote your shares on any additional matters properly presented for a vote at the annual meeting. Under our bylaws, the deadline for notifying us of any additional proposals to be presented at the annual meeting has passed and, accordingly, shareholders may not present any additional proposals at the annual meeting.

Quorum and Vote Tabulation

As provided in our bylaws, a majority of the shares entitled to vote at the annual meeting, present in person or represented by proxy, will constitute a quorum for the meeting.

On Proposal (1), the election of directors, you may either vote **FOR** all the nominees to the Board of Directors or you may **WITHHOLD** your vote from any or all nominees. You may vote **FOR**, **AGAINST** or **ABSTAIN** from voting on: Proposal (2), the ratification of the appointment of Deloitte & Touche LLP; Proposal (3) relating to the WGL Holdings, Inc. Omnibus Incentive Compensation Plan; Proposal (4) relating to an advisory vote regarding shareholder approval of the compensation paid to certain executive officers; and Proposal (5) relating to cumulative voting, and any other matter to be voted on at the annual meeting.

All valid proxies properly executed and received by us will be voted in accordance with the instructions specified in the proxy. If a proxy is submitted without instructions, shares will be voted: (1) **FOR** the election of each of the named nominees for director; (2) **FOR** ratification of the appointment of Deloitte & Touche LLP as independent public accountants for fiscal year 2012; (3) **FOR** re-approval of the WGL Holdings, Inc. Omnibus Incentive Compensation Plan; (4) **FOR** the advisory vote on executive compensation; and (5) **AGAINST** the shareholder proposal relating to cumulative voting. At the annual meeting:

The eight director nominees receiving the greatest number of votes will be elected:

Proposals 2, 3, 4 and 5 must receive more votes cast in favor of each than the number of votes cast against each in order to be approved. Broker shares not voted (sometimes called **broker non-votes**) and abstentions have no effect on the final vote counted on these matters. A **broker non-vote** occurs when a shareholder of record, such as a broker, holding shares for a beneficial

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owner does not vote on a particular item because the shareholder of record does not have discretionary voting power with respect to that item and has not received voting instructions from the beneficial owner.

Shares withheld and broker non-votes will have no effect on the election of directors.

Abstentions and broker non-votes will be counted in determining a quorum for the meeting.

Adjournments

We currently expect to take votes and close the polls on all proposals at the annual meeting. However, we may:

keep the polls open to facilitate additional proxy solicitation with regard to any or all proposals; and/or

allow the inspectors of election to count and report on votes that have been cast after the polls have closed.

If any of the above occurs, we could propose one or more adjournments of the annual meeting. For any adjournment to be approved, the votes cast in favor of it must represent a majority of the total number of votes cast by the shareholders present at the meeting in person or by proxy.

Proxies that we have solicited will be voted in favor of any adjournment that we propose. If any adjournment is properly proposed at the meeting on behalf of anyone else, the persons named as proxies, acting in that capacity, will have discretion to vote on the adjournment in accordance with their best judgment.

Solicitation of Proxies

The solicitation of proxies is being made on behalf of the board of directors, and the cost will be borne by WGL Holdings. Brokerage houses and other custodians will be reimbursed by WGL Holdings for their expenses in forwarding proxy materials to the beneficial owners of shares held in their name. Further solicitation of proxies may be made by telephone or other communication by regular employees of WGL Holdings. Morrow & Co., LLC, 470 West Avenue, Stamford, Connecticut, 06902 has been retained by WGL Holdings for a fee of \$5,500, plus expenses, to assist in the solicitation of proxies.

Revocation of Proxies

You may revoke your proxy at any time before the final vote at the meeting. You may revoke your proxy in any one of three ways:

If you received a printed copy of the proxy materials by mail, you may submit another properly completed proxy card with a later date.

You may send a written notice that you are revoking your proxy to: Corporate Secretary, WGL Holdings, Inc., 101 Constitution Avenue, N.W., Washington, DC 20080.

You may attend the annual meeting and vote in person. However, simply attending the annual meeting will not, by itself, revoke your proxy.

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CRITERIA FOR SELECTION OF BOARD OF DIRECTOR NOMINEES

The Governance Committee of the Board of Directors is responsible for identifying nominees for election as directors. The Governance Committee may consider nominees suggested by several sources, including outside search firms, incumbent board members and shareholders. The Governance Committee recently used an independent search firm to assist in identifying Ms. Nancy C. Floyd, one of the current nominees for director.

As provided in its charter, the Governance Committee will seek candidates having experience and abilities relevant to serving as a director of the company and who will represent the best interests of shareholders as a whole, and not any specific interest group or constituency. The Governance Committee, with recommendations and input from the Chairman of the Board and other directors, evaluates the qualifications of each director candidate in accordance with the criteria described in the director qualification standards section of our corporate governance guidelines. In evaluating the qualifications of director nominees, the Governance Committee considers factors, including, but not limited to, the following:

Commitment. Directors should be able to contribute the time necessary to be actively involved on the board and its decision-making and should be able and willing to prepare for and attend required meetings.

Diversity. Though the board does not have a formal policy regarding the consideration of diversity in identifying nominees for director, directors should be selected so that the board of directors is a diverse body. The board considers the term *diversity* to include differences of viewpoint, professional experience, education, skill and other individual qualities and attributes that contribute to board heterogeneity as well as differences in race, gender and ethnicity.

Experience. Directors should be or have been in leadership positions in their field of endeavor and have a record of excellence in that field.

Independence. Directors should neither have, nor appear to have, a conflict of interest that would impair his or her ability to represent the interests of all the company's shareholders and other stakeholders and to fulfill the responsibilities of a director.

Integrity. Directors should have a reputation of integrity and be of the highest ethical character.

Judgment. Directors should have the ability to exercise sound business judgment on a large number of matters.

Knowledge. Directors should have a firm understanding of our operations, business strategy, and corporate governance.

Skills. Directors should be selected so that the board of directors has an appropriate mix of skills in core areas such as: accounting, compensation, finance, government relations, law, management, risk oversight and strategic planning.

The board may take into account other factors that are relevant to the success of a publicly traded utility company in addition to those listed above such as the current composition of the board, the operating requirements of the company, and the long-term interests of shareholders and other stakeholders in evaluating director nominees. As part of the annual nomination process, the Governance Committee reviews the qualifications of each board nominee, including currently serving board members and reports its findings to the board. On September 21, 2011, the Governance Committee determined that each board member satisfied the criteria described above and advised the board on September 28, 2011 that each of the director nominees listed under, Proposal 1 Election of Directors was qualified to serve on the board.

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Diversity

As indicated above, the director qualification standards of our corporate governance guidelines include a consideration of diversity in the evaluation of candidates for board membership. The Governance Committee discusses diversity considerations in connection with potential director nominees, as well as on a periodic basis in connection with the current composition of the board as a whole. The board conducted a self-evaluation during 2011 and concluded that its efforts to achieve board membership diversity had been effective. Currently, two out of eight directors are African-American, two out of eight directors are women, and all of the board members as a whole represent a diverse array of viewpoints, experience, education, skills and other attributes that contribute to board heterogeneity and effectiveness in overseeing the direction of the company.

Shareholder Nominations

The Governance Committee will consider board nominees recommended by shareholders. Those recommendations should be sent in writing to the Chair of the Governance Committee, c/o the Corporate Secretary of WGL Holdings, Inc.; 101 Constitution Ave., N.W.; Washington D.C. 20080. The recommendation must identify the writer as a shareholder of the company and provide sufficient detail for the Governance Committee to consider the recommended individual's qualifications. The Governance Committee will evaluate the qualifications of candidates recommended by shareholders using the same criteria as used for other board candidates.

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PROPOSAL 1

ELECTION OF DIRECTORS

At the annual meeting, eight directors are to be elected. All of the nominees are presently members of the board of directors. Each nominee will be elected to serve until our next annual meeting of shareholders.

It is the intention of the proxyholders to vote proxies for the election of the nominees named below, unless such authority is withheld. We do not contemplate that any of the nominees will become unavailable for any reason, but if that should occur before the meeting, the proxies received for that nominee will be voted for another nominee or other nominees, to be selected by the board of directors in their discretion.

The board of directors recommends a vote FOR the election of each of the following nominees:

Michael D. Barnes, age 68, is a Senior Fellow at the Center for International Policy in Washington, DC. He was previously Senior Of Counsel to the law firm of Covington & Burling LLP from 2007 through December 2010. He was President of The Brady Campaign and Brady Center to Prevent Gun Violence from 2000 through June 2006. He was previously a partner in the law firm of Hogan & Hartson LLP. Mr. Barnes was United States Representative from Maryland's 8th Congressional District from 1979 to 1987. He has previously served as a director of the Metropolitan Washington Airports Authority. He currently serves as a director of the Washington Metropolitan Area Transit Authority, appointed by the Governor of the State of Maryland.

Mr. Barnes has been a director of Washington Gas Light Company since 1991, a director of WGL Holdings since November 2000 and serves as Chairman of the Governance Committee. As Chairman of the Governance Committee, Mr. Barnes also serves as Lead Director for the board of directors. Mr. Barnes has a B.A. degree in English from the University of North Carolina and a J.D. degree from George Washington University.

Particular experience, attributes or skills that qualify candidate for board membership:

With over thirty-five years of legal experience and affiliations with a diverse array of business, political and philanthropic organizations in the Washington, D.C. metropolitan area, Mr. Barnes brings immense insight to the board of directors. Mr. Barnes' legal expertise contributes to his skills in the areas of risk management, compliance and internal controls. In addition, through his extensive involvement in civic, community and charitable activities, Mr. Barnes has gained additional strategic planning and corporate governance experience.

As a former member of the U.S. House of Representatives and a former Commissioner of the Maryland Public Service Commission, Mr. Barnes provides unique insight with respect to regulatory and public policy matters, both of which strengthen the board's collective knowledge, capabilities and experience.

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George P. Clancy, Jr., age 68, is a retired Executive Vice President and Mid-Atlantic Region Market President of Chevy Chase Bank, a division of Capital One, N.A. (1995-2010). Mr. Clancy has extensive experience in banking which includes serving as President and Chief Operating Officer of The Riggs National Corporation (1985-1986) and President and Chief Executive Officer of Signet Bank, N.A. (1988-1995). He serves on the board of directors of ASB Capital Management and Chevy Chase Trust Company. Mr. Clancy is the Past Chairman and current member of the board of directors of the Catholic Charities Foundation as well as a member of the board of directors of Catholic Charities. Mr. Clancy is also on the board of directors of ASB Capital Management, Inc., Chevy Chase Trust Company and the Mary and Daniel Loughran Foundation. He is a member of the Board of Trustees of the University System of Maryland Foundation, Inc., and a member of the board of trustees of the University of Maryland College Park Foundation. He also is on the Executive Committee of the Washington D.C. Police Foundation.

Mr. Clancy has been a director of Washington Gas Light Company and a director of WGL Holdings since December 2000. Mr. Clancy has a B.A. degree in English from the University of Maryland and an M.B.A. degree from Loyola University.

Particular experience, attributes or skills that qualify candidate for board membership:

Mr. Clancy's considerable senior executive level experience in business and management, including in strategic planning, capital and financial markets, accounting and financial reporting, credit markets and risk assessment make him an important advisor to the board and company.

Mr. Clancy's financial expertise and extensive experience in assessing and managing investments enable him to serve meaningfully and effectively on our board. His skills are a vital asset to our board of directors at a time when accurate and transparent accounting and sound financial footing and exemplary governance practices are essential.

James W. Dyke, Jr., age 65, is a partner in the Virginia law firm of McGuire Woods LLP, where he specializes in corporate, education, voting rights, government relations and municipal law. He has been a partner with the firm since 1993. In addition to his legal career, Mr. Dyke has extensive professional experience in government and public relations. Among other appointments, he served as Secretary of Education for the Commonwealth of Virginia from 1990 to 1993 and as Domestic Policy Advisor to former Vice President Walter Mondale. Mr. Dyke has assumed leadership positions in several business and community organizations, including serving as former Chairman of the Fairfax County, Virginia, Chamber of Commerce, the Northern Virginia Business Roundtable and the Emerging Business Forum. During 2010, Mr. Dyke was also Chair of the Greater Washington Board of Trade and he is a member of the board of directors of the Washington Metropolitan Area Transit Authority (WMATA).

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Mr. Dyke has been a director of Washington Gas Light Company and of WGL Holdings since September 2003. Mr. Dyke has B.A. and J.D. degrees from Howard University. In addition, he holds honorary degrees from St. Paul's College, Virginia State University, the University of Richmond, Randolph-Macon College and the Northern Virginia Community College.

Particular experience, attributes or skills that qualify candidate for board membership:

With over thirty-five years of legal experience and deep-rooted affiliations with a diverse array of business and philanthropic organizations in the Washington, D.C. metropolitan area, Mr. Dyke brings immense insight to the board of directors. Mr. Dyke's legal expertise contributes to his skills in the areas of risk management, compliance, internal controls, government oversight, legislative and administrative issue, and general corporate transactions. In addition, through his extensive involvement in civic, community and charitable activities, Mr. Dyke has gained additional strategic planning and corporate governance insights.

Mr. Dyke also lives and works in the company's operating territory and has held leadership positions with several local non-profit organizations and, therefore, has significant community ties within the region.

Melvyn J. Estrin, age 69, is Chairman of the Board and Chief Executive Officer of Human Service Group, Inc. trading as Estrin International (1983-present) and is Chief Executive Officer of University Research Co., LLC. Mr. Estrin is a Director of ChemLink, LLC and Armed Forces Lodging LLC. Mr. Estrin has served as Chairman and Chief Executive Officer of two Fortune 500 companies and has been a principal in numerous business enterprises. Mr. Estrin was a principal shareholder, director and member of the Executive Committee of MNC Financial Corp. Mr. Estrin is a Trustee Emeritus of the John F. Kennedy Center for the Performing Arts. Mr. Estrin was a Commissioner of the National Capital Planning Commission (Jan. 1997-Dec. 2000). He also served as a Trustee of the University of Pennsylvania (Oct. 1986-1991).

Mr. Estrin has been a director of Washington Gas Light Company since 1991, a director of WGL Holdings since November 2000 and serves as Chairman of the Human Resources Committee. Mr. Estrin has a B.A. degree in Economics from the University of Pennsylvania (Wharton) and an M.B.A. degree from American University.

Particular experience, attributes or skills that qualify candidate for board membership:

With more than thirty-five years of experience as a chief executive officer of various companies, Mr. Estrin brings key senior management and operational experience to our board of directors. He also brings a deep understanding of operations and strategy with an added layer of risk management experience that is an important aspect of the make up of our board of directors.

In addition, his experience as a senior executive of two Fortune 500 and New York Stock Exchange listed companies demonstrates his leadership capability and extensive knowledge of complex financial and operational issues that public companies face.

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Nancy C. Floyd, age 57, is the founder and managing director of Nth Power, a San Francisco based venture capital firm focused on advanced energy technologies, energy efficiency and sustainability. Nth Power has invested \$420 million in 55 companies. Ms. Floyd has served on the boards of the American Council on Renewable Energy and the Center for Resource Solutions. She is an active member of Environmental Entrepreneurs (E2), a national community of individual business leaders who advocate sound environmental policy while building economic prosperity. Prior to founding Nth Power, Floyd launched two high-growth energy and telecommunications companies: NFC Energy Corporation in 1982, an early wind development company, and PacTel Spectrum Services in 1985, both of which were successfully sold. She has also worked on energy and telecommunications issues for the chairman of the Vermont Public Service Board. Ms. Floyd has a B.A. degree in Government from Franklin and Marshall College and an M.A. degree in Political Science from the Rutgers University Eagleton Institute of Politics.

Ms. Floyd has been a director of Washington Gas Light Company and of WGL Holdings since June 2011.

Particular experience, attributes or skills that qualify candidate for board membership:

Ms. Floyd brings many years of key senior management and strategic experience to our board of directors. She brings a deep understanding of energy efficiency and renewable energy applications.

Additionally, her risk management experience and comprehensive knowledge of many aspects of the energy industry provides our board of directors with a valuable perspective. As a result of her past work with the Vermont Public Service Board, Ms. Floyd can provide important insight with respect to regulatory and policy matters relevant to public utilities which enhances the board's overall knowledge and experience.

James F. Lafond, age 69, is the retired Area Managing partner for the greater Washington, D.C. area for PricewaterhouseCoopers LLP. He is a retired certified public accountant with extensive experience serving in leadership positions with PricewaterhouseCoopers and with its predecessor, Coopers & Lybrand LLP. He has been active in several civic and non-profit organizations, including chairmanship of the INOVA Health System Foundation and the Washington Performing Arts Society. Among other recognitions, he has received the Lifetime Achievement Award from the Leukemia and Lymphoma Society. He is currently a director of VSE Corporation as well as several not-for-profit entities.

Mr. Lafond has been a director of Washington Gas Light Company and of WGL Holdings since September 2003. Mr. Lafond has a B.S. degree in Accounting and an M.B.A. degree from American International College. Mr. Lafond also has completed the Executive Development program at Dartmouth College.

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Particular experience, attributes or skills that qualify candidate for board membership:

Mr. Lafond brings many years of audit experience and financial accounting knowledge that is critical to our board of directors. Mr. Lafond's experience with accounting principles, financial reporting rules and regulations, evaluating financial results and generally overseeing the financial reporting process of large public companies from an independent auditor's perspective makes him an invaluable asset to our board of directors.

Mr. Lafond has expertise in risk management processes through his experience as Area Managing Partner for PricewaterhouseCoopers LLP and as an engagement partner for entities in various industries.

Additionally, his experience as a member of the nominating and corporate governance committee and chair of the audit committee of the board of another public company allows him to provide particular governance insight to our board.

Debra L. Lee, age 57, is Chairman and Chief Executive Officer of BET Networks, a global multi-media company and owns and operates Black Entertainment Television and several other ventures. BET Networks is a division of Viacom, Inc. Ms. Lee previously was Executive Vice President and General Counsel of BET Holdings (1992-1995), President and Chief Operating Officer (1995-May 2005), President and Chief Executive Officer (June 2005-January 2006), and was elected to her present position in January 2006. Ms. Lee serves on the boards of the Alvin Ailey American Dance Theater, the Grammy Foundation, the Center for Communication, the Paley Center and Brown University. Ms. Lee is also on the board of directors of Marriott International, Inc. and Revlon, Inc.

Ms. Lee has been a director of Washington Gas Light Company since July 2000 and a director of WGL Holdings since November 2000. Ms. Lee has a B.A. degree in Political Science from Brown University, a J.D. degree from the Harvard Law School and an M.P.P. from the Harvard University John F. Kennedy School of Government.

Particular experience, attributes or skills that qualify candidate for board membership:

Ms. Lee's experience as a chief executive officer of a major media and entertainment company demonstrates her leadership capability and general business acumen. Ms. Lee provides our board with extensive experience in operations, strategic planning, corporate finance and consumer marketing.

Ms. Lee's experience on the board of directors of a variety of publicly held companies also demonstrates her knowledge of complex financial and operational issues that public companies face.

Additionally, Ms. Lee's legal expertise contributes to her skills in the areas of risk management, compliance and internal controls. Also, through her involvement in civic, community and charitable activities, Ms. Lee has gained additional strategic planning and corporate governance insights.

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Terry D. McCallister, age 56, is Chairman and Chief Executive Officer of WGL Holdings and of Washington Gas Light Company, positions he has held since October 1, 2009. Mr. McCallister previously served as President and Chief Operating Officer of WGL Holdings and Washington Gas Light Company (2001-2009); Mr. McCallister joined Washington Gas Light Company in April 2000 as Vice President of Operations. He was previously with Southern Natural Gas, where he served as Vice President and Director of Operations and with Atlantic Richfield Company, where he held various leadership positions. Mr. McCallister serves on the Board of Directors of the American Gas Association. He is a past Chairman of the Board of Directors of the Southern Gas Association and is currently Chairman of the Board of Directors of the Gas Technology Institute. He also serves on the boards of several business and community organizations, including, among others, the Greater Washington Board of Trade, the Federal City Council, the Boys and Girls Clubs of Greater Washington, the National Symphony Orchestra and the INOVA Health System Foundation. Mr. McCallister has a B.S. degree in Engineering Management from the University of Missouri-Rolla and is a graduate of the University of Virginia's Darden School of Business Executive Program.

Particular experience, attributes or skills that qualify candidate for board membership:

With over thirty years of energy industry experience at several levels of management, Mr. McCallister is well positioned to lead our management team and provide essential insight and guidance to the board of directors on the day-to-day operations of the company. Mr. McCallister's extensive energy experience and comprehensive understanding of many aspects of the natural gas industry provides our board of directors with crucial insight.

Mr. McCallister serves a key leadership role on the company's board and provides the board with in-depth knowledge of each area of our business, the energy industry generally, and the company's challenges and opportunities. Mr. McCallister's leadership role in key industry organizations provides a unique opportunity to help shape the environment in which the company can be successful. Mr. McCallister's service on the boards of local non-profit and charitable organizations provides an important connection between our company and the communities we serve.

In addition, through his extensive involvement in civic, community and charitable activities, Mr. McCallister has gained additional strategic planning and corporate governance insights.

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BOARD OF DIRECTORS AND COMMITTEES OF THE BOARD

Leadership Structure of the Board

Combined Chairman of the Board and Chief Executive Officer Position

Mr. McCallister serves as the Chairman of the Board of Directors and Chief Executive Officer. The Board of Directors evaluated its leadership structure in 2011 and determined that the use of the Lead Director, as described below, along with the combined Chairman and Chief Executive Officer positions, is an effective leadership structure. Mr. McCallister has over 30 years of experience in a variety of positions of increasing responsibility and leadership in many facets of the utility and energy industry. As the individual primarily responsible for the day-to-day management of business operations, he is best positioned to chair regular board meetings as the directors discuss key business and strategic issues. Coupled with an independent Lead Director, this leadership structure allows the board to exercise independent oversight and enables the board to have direct access to information related to the day-to-day management of business operations.

The leadership responsibilities of the board are shared among: the chairs of the board's four standing committees, the Lead Director and the Chairman of the Board. This structure has been developed over the past decade based on the recommendations of our Governance Committee and on the decisions of our full board which is comprised of seven independent directors and a single management director. Mr. McCallister is the only management director. All members of the Audit, Human Resources and Governance committees of the board are independent. Mr. McCallister is invited to attend committee meetings, but he does not have a vote on any committee matter.

Lead Director

Our corporate governance guidelines and bylaws establish a Lead Director of the board and designate the Chair of the Governance Committee to serve in that position. Among other powers and responsibilities, the Lead Director will:

preside at all meetings of the board at which the Chairman is not present, including independent executive sessions of the independent directors;

approve information sent to the board;

approve meeting agendas for the board;

approve meeting schedules to assure that there is sufficient time for discussion of all agenda items;

have the authority to convene meetings of the independent directors;

be available to communicate or meet with any shareholder controlling at least five percent of the outstanding voting stock of the company; and

function as a liaison between the Chairman of the Board and independent directors, as necessary.

The board and board committees regularly meet in executive sessions without the presence of any management representatives. The Lead Director presides in those executive sessions. If the executive session includes or is devoted to a report of a board committee, the chair of that committee presides in that portion of the executive session.

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Our board leadership structure facilitates proper risk oversight for the company for a number of reasons, the most significant of which are the following:

A combined Chairman and Chief Executive Officer role allows for more productive meetings. The Chief Executive Officer is the individual selected by the board of directors to manage the company on a day to day basis, and his direct involvement in our operations makes him best

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positioned to lead productive board strategic planning sessions and determine the time allocated to each agenda item in discussions of our short and long-term objectives.

Our board structure provides strong oversight by independent directors. The Lead Director's responsibilities include leading executive sessions of the board of directors during which our independent directors meet without management. These executive sessions allow the board of directors to review key decisions and discuss matters in a manner that is independent of the Chief Executive Officer, and where necessary, critical of the Chief Executive Officer and senior management.

The Lead Director also informs the Chairman of the Board and Chief Executive Officer, subject to the discretion of the independent directors, about the substance of the discussions that took place during each executive session meeting of the independent directors.

The board is aware of the potential conflicts that may arise when an insider chairs the board, but believes these are offset by existing safeguards which include: the designation of a Lead Director, regular meetings of the independent directors in executive session without the presence of insiders, the fact that management compensation is determined by a committee of independent directors who make extensive use of peer benchmarking, and the fact that much of our operations are highly regulated.

Board Oversight of Risk

The board recognizes that WGL Holdings and its subsidiaries are exposed to certain financial, operational and strategic risks that can affect our earnings and ability to provide value to our shareholders and service to our customers. The board of directors has delegated certain risk oversight responsibilities to its Audit Committee. In accordance with NYSE requirements and as set forth in its charter, the Audit Committee periodically reviews and discusses our risk management and risk assessment policies with senior management. The Audit Committee incorporates its risk assessment function into its regular reports to the board. The Audit Committee is directly responsible for overseeing our risk assessment and risk management policies.

At the direction of the Audit Committee and in consultation with the full board and executive management, the company created a Risk Management Committee. The Risk Management Committee is comprised of senior members of management, and is chaired by the Treasurer of the company. The Risk Management Committee is responsible for ensuring that the company is managing its principal enterprise wide risks. The Risk Management Committee does this by using an enterprise risk management (ERM) process which is based on the company's risk management policy. The ERM process involves the application of a well-defined, enterprise-wide methodology that enables our executives to identify, categorize, prioritize, and mitigate the principal risks to the company, such as business continuity, compliance, credit, environmental, information technology, strategic, financial, operational and reputational risks. In addition to known risks, ERM focuses on emerging risks as well as risks that are rare and difficult to predict, but which, if they were to occur, would have a significant impact on the company. The findings of the ERM process are reported regularly to the Audit Committee by the chair of the Risk Management Committee. The Risk Management Committee periodically conducts a full review and update of its assessment of the risks facing the company and presents the updated assessment to the Audit Committee for its review.

Also, in fulfilling its risk oversight function, the Audit Committee periodically, and as needed, discusses key risks with the Chief Executive Officer, President and Chief Operating Officer, Vice President and Chief Financial Officer, Vice President and General Counsel, internal auditors, and with the company's independent registered public accounting firm. The board evaluated the risk assessment function as part of its board evaluation process in 2011 and determined that the company's risk management structure (including its risk management policy and risk management committee), plus regular reports to the board from management and board committees, enable the board to perform its risk oversight responsibilities in an appropriate and effective manner.

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Additionally, each board committee oversees risks within its area of responsibility and has principal responsibility for reviewing and discussing with management the risk exposures specified in their charters or identified from time to time by the committees themselves.

Compensation Risk Evaluation

Just prior to fiscal year 2011, the Human Resources Committee's executive compensation advisor, Meridian Compensation Partners, LLC (Meridian), conducted a risk evaluation of the company's compensation policies and practices for all employees including executives, which management reviewed with the Human Resources Committee and Meridian. The evaluation was updated late in fiscal 2011 and again reviewed with the Human Resources Committee. Its goal was to identify any features of the company's compensation policies and practices that could encourage excessive risk-taking. The evaluation utilized a process that inventoried existing incentive plans and their salient features and examined design and administrative features of these plans to determine risk aggravating or mitigating factors.

In order to focus employees on performance objectives that promote the best interests of the company and its shareholders, short-term and long-term incentive-based compensation is linked to the achievement of measurable financial and business and, in the case of short-term incentives, individual performance goals. The risk evaluation conducted by Meridian found that these arrangements are coupled with compensation design elements and other controls that discourage business decision-making that is focused solely on the compensation consequences and mitigate risks.

Based on the results of the evaluation, we believe that our executive compensation program reflects an appropriate mix of compensation elements and balances current and long-term performance objectives, cash and equity compensation, and risks and rewards associated with executive roles. The following features of our executive incentive compensation program illustrate this point:

Our performance goals and objectives reflect a balanced mix of performance measures to avoid excessive weight on a certain goal or performance measure;

Our annual and long-term incentives provide a defined and capped range of payout opportunities;

Total direct compensation levels are heavily weighted on long-term, equity-based incentive awards with vesting schedules that fully materialize over a number of years;

Equity incentive awards are granted annually so executives always have unvested awards that could decrease significantly in value if our business is not managed for the long term; and

We have implemented meaningful executive officer stock ownership requirements so that executive officer personal wealth is significantly tied to the long-term success of our company.

Based on the above combination of program features, we believe that: (i) our executives are encouraged to manage the company in a prudent manner, and (ii) our incentive programs are not designed in a manner to encourage our senior business leaders to take risks that are inconsistent with the best interests of the company's customers, shareholders and other stakeholders.

Director Independence and Corporate Governance Practices

The board of directors has determined that all of the current directors and each of the nominees for election as director, except Mr. McCallister, are independent within the meaning of New York Stock Exchange (NYSE) rules. In determining independence, the board of directors considered the specific criteria for independence under the NYSE rules and also the facts and circumstances of any other relationships of individual directors with the company.

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The board has also adopted a code of conduct. The corporate governance guidelines, bylaws and the code of conduct may be viewed on our web site, www.wglholdings.com, and copies may be obtained by request to the Secretary of the company. Those requests should be sent to: Corporate Secretary; WGL Holdings, Inc.; 101 Constitution Ave., N.W.; Washington, D.C. 20080.

The board of directors has a policy under which directors who are not employees of the company and its subsidiaries may not stand for re-election after reaching the age of 75. Also, under this policy, directors who are employees of the company must retire from the board upon their retirement from the company. This policy can be changed at any time by an action of the board of directors.

The company expects all board members to attend the annual meeting of shareholders, but from time to time, other commitments may prevent all directors from attending each annual meeting. Each of the then current directors attended last year's annual meeting of shareholders which was held on March 3, 2011.

The board of directors of the company held ten meetings during fiscal year 2011. Each current board member attended 75% or more of the meetings of the board, and the committees on which he or she served that were held during the period for which he or she was a director or committee member.

The board of directors has established four standing committees: 1) the Executive Committee; 2) the Audit Committee; 3) the Governance Committee, and 4) the Human Resources Committee. Each of these committees is described in more detail below. The Audit, Governance and Human Resources Committees have each adopted a charter for their respective committees. These charters may be viewed on our web site, www.wglholdings.com.

Communications with the Board

Shareholders and all other interested parties may send communications regarding financial accounting, internal accounting controls, auditing, code of conduct or other concerns to non-management board members by using the toll-free number established for such purposes, which is 1-800-249-5360.

Executive Committee

The Executive Committee members are: Terry D. McCallister (Chairman), Michael D. Barnes, Melvyn J. Estrin, and George P. Clancy, Jr. There are four alternate members: James W. Dyke, Jr., Nancy C. Floyd, James F. Lafond and Debra L. Lee. This committee may exercise all of the authority of the board of directors when the board is not in session. This committee did not meet during fiscal year 2011.

Audit Committee

The Audit Committee members are: George P. Clancy, Jr. (Chairman), Melvyn J. Estrin, James F. Lafond and Debra L. Lee. Members of the Audit Committee are independent under the rules of the Securities and Exchange Commission (SEC) and the NYSE. The board of directors has determined that Messrs. Clancy, Estrin and Lafond meet the qualifications of an audit committee financial expert, as that term is defined by rules of the SEC.^{1/} As provided in its charter, functions of the Audit Committee include the appointment, compensation and oversight of independent public accountants, reviewing with management and the independent public accountants the financial statements, the accompanying report of the independent accountants and reviewing the system of internal controls and the adequacy of the

^{1/} In accordance with rules of the SEC, persons determined to be audit committee financial experts will not be deemed an expert for any purpose, including, without limitation for purposes of Section 11 of the Securities Act of 1933, as a result of being so designated. The designation or identification of a person as an audit committee financial expert does not impose on such person any duties, obligations or liabilities that are greater than those imposed on such person as a member of the audit committee and the board of directors in the absence of such designation or identification.

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internal audit program. The Audit Committee also is directly responsible for overseeing the company's risk assessment and risk management policies. The Audit Committee Report, which appears later in this proxy statement and the Audit Committee charter, provide a further description of the responsibilities of this committee. The Audit Committee held five meetings during fiscal year 2011.

Governance Committee

The Governance Committee members are: Michael D. Barnes (Chairman), James W. Dyke, Jr. and Nancy C. Floyd. Members of the Governance Committee are independent under the rules of the NYSE. As provided in its charter, functions of the Governance Committee include consideration of criteria for selection of candidates for election to the board of directors and committees of the board and adoption of policies and principles concerning board service and corporate governance. This committee also considers criteria for oversight and evaluation of the board and management and the adoption of a code of conduct. The Governance Committee held six meetings during fiscal year 2011.

Human Resources Committee

The Human Resources Committee (the HR Committee) members are: Melvyn J. Estrin (Chairman) and George P. Clancy, Jr. Members of the HR Committee are independent under the rules of the NYSE. The HR Committee met two times in fiscal year 2011. The HR Committee discharges the board's responsibilities relating to compensation of our executive officers. As provided in its charter, primary functions of the HR Committee include setting corporate goals and objectives relevant to compensation of the Chief Executive Officer (CEO), evaluating the CEO's performance and setting the CEO's compensation based on this evaluation. The HR Committee also recommends compensation levels, sets performance targets and evaluates the performance of our other executive officers and determines any incentive and equity-based compensation to be awarded to those officers. The HR Committee also considers succession planning for the company's leadership positions.

The HR Committee may, in accordance with its charter, delegate authority to act upon specific matters within specified parameters to a subcommittee consisting of one or more members, or to management. Any such delegates are required to report any action to the full HR Committee at its next meeting. Please see the discussion under the Compensation Discussion and Analysis section below for information relating to processes and procedures for the consideration and determination of executive compensation.

Governance. The HR Committee focuses on good governance practices in its operation. In fiscal year 2011, this included, among other practices:

Reviewing tally sheets prepared by its independent advisor regarding the Chief Executive Officer, Chief Financial Officer, and the next three most highly compensated officers (the Named Executive Officers). Tally sheets identify the material elements of such executive compensation, show the cumulative impact of prior grants of long-term incentive awards, and quantify severance and other payouts to which the executive would be entitled under various employment termination scenarios. The tally sheets reviewed by the HR Committee indicated that cumulative pay was reasonable, and that no changes needed to be made to our pay philosophy.

Considering compensation for the Named Executive Officers in the context of all of the components of total compensation, and not allowing the sum of the components to exceed market levels of total compensation opportunity.

Receiving meeting materials several days in advance of meetings.

Having regular executive sessions of HR Committee members.

Having direct access to an outside executive compensation advisor.

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Compensation Advisor. The HR Committee has the sole authority to retain and terminate any compensation advisor engaged to assist the HR Committee in the evaluation of the compensation of our executive officers, including all of the Named Executive Officers. During fiscal year 2011, the HR Committee's retained advisor was a partner at Meridian Compensation Partners, LLC (Meridian). Meridian is an independent firm that provides only executive and director compensation advisory services. The HR Committee's advisor attended both of the HR Committee meetings held during fiscal year 2011.

The advisor provided data and information to the HR Committee, but did not make recommendations with respect to specific levels of compensation. Services provided by Meridian to the HR Committee during fiscal year 2011 included:

Development of market data in line with the company's compensation philosophy (please review the discussion under the Compensation Discussion and Analysis (CD&A) section of this proxy statement for further information regarding the market data developed with the advisor's assistance in connection with the compensation of our executive officers);

A retirement benefits market study;

Pay and performance comparisons;

Tally sheet development;

Legislative, regulatory, and market trends updates; and

Review of the CD&A and other proxy disclosures.

Advisor Independence. It is important for the HR Committee to receive advice from an independent source. The following information describes the independence of Meridian and the individual advisor who provides advice to the HR Committee.

The HR Committee retains the individual advisor as well as the advisor's firm, and the advisor reports directly to the HR Committee.

The advisor and the advisor's firm are compensated solely for executive and director compensation advisory services because Meridian does not provide other services;

The individual advisor has no other public company clients at which an executive officer of WGL Holdings or Washington Gas serves as a director; and

Meridian has no employees that are executive officers or family members of any executive officer of WGL Holdings or its subsidiaries. Given the factors described above, the HR Committee has concluded that the individual advisor and the advisor's firm are independent and that the HR Committee can rely on the advisor's advice.

Human Resources Committee Interlocks and Insider Participation

As previously described, the Human Resources Committee currently is composed of two independent, non-employee directors. Each such director served as a member of the HR Committee during the entire 2011 fiscal year. During fiscal year 2011, no current or former member of

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the HR Committee was an officer or employee of WGL Holdings or any of its subsidiaries. No former or current member of the board or HR Committee has served, at any time since October 1, 2010, as an executive officer of any entity that at such time had one or more of WGL Holdings' executive officers serving as a member of that entity's board or compensation committee.

Table of Contents**DIRECTOR COMPENSATION****Director Annual Retainer and Meeting Fees**

Compensation for directors during fiscal year 2011 consisted of an annual retainer, fees for attending meetings, and an annual equity award. Directors were offered the opportunity to receive all of their cash compensation on a deferred basis under the WGL Holdings and Washington Gas Light Company's Deferred Compensation Plan for Outside Directors described later in this proxy statement. Mr. McCallister, our Chairman and Chief Executive Officer, does not receive compensation for his service as a director.

In addition to a retainer paid in cash, non-employee directors annually receive an amount of WGL Holdings common stock equal to \$75,000 in value in accordance with the WGL Holdings, Inc. Directors' Stock Compensation Plan. Non-employee directors of WGL Holdings also serve as directors of its utility subsidiary, Washington Gas Light Company (Washington Gas). The directors serve on the same committees of each board. Non-employee directors receive only one cash retainer which is payable by Washington Gas. Usually, the board meetings of WGL Holdings and Washington Gas are held consecutively. The fiscal year 2011 compensation arrangements of non-employee directors were coordinated as described below:

Description of fees paid to non-employee Directors*	Washington Gas	
	Light Company Dollar Amount	WGL Holdings, Inc. Dollar Amount
On days when both boards meet	\$ 1,000	\$ 500
On days when both committees meet	\$ 1,000	\$ 500
On days when only one board meets	\$ 1,200	\$ 1,200
On days when only one committee meets	\$ 1,200	\$ 1,200
Each day a Director attends a Director Education Program	\$ 1,000	\$ 500
Annual Meeting attendance fee	\$ 1,000	\$ 500
Annual cash retainer (paid on quarterly basis)	\$ 50,000	0
Annual retainer to chair of Human Resources Committee	\$ 10,000	0
Annual retainer to chair of Audit Committee	\$ 12,500	0
Lead Director annual retainer**	\$ 15,000	0
Annual retainer to chair of Governance Comm. (see Lead Director annual retainer)	\$	

* Allocation based on approximate time required for board responsibilities for each company (1/3 WGL Holdings; 2/3 Washington Gas).

** In accordance with our Corporate Governance Guidelines, the Chair of the Governance Committee simultaneously serves as Lead Director.

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The following table presents information regarding the compensation paid during fiscal year 2011 to the non-employee directors of the company.

Compensation Paid to Directors in FY2011

Name	Fees Earned or Paid in Cash	Stock Awards(1)	Option Awards	Non- Equity Incentive Plan Compensation	Change in	All Other	Total
					Pension Value and Non- qualified Deferred Compensation Earnings(2)		
(a)	(\$) (b)	(\$) (c)	(\$) (d)	(\$) (e)	(\$) (f)	(\$) (g)	(\$) (h)
Michael D. Barnes	\$ 111,000	\$ 75,000	0	0	0	0	\$ 186,000
George P. Clancy	\$ 96,500	\$ 75,000	0	0	\$ 30,005	0	\$ 201,505
James W. Dyke, Jr.(3)	\$ 76,048	\$ 75,000	0	0	0	0	\$ 151,048
Melvyn J. Estrin	\$ 90,000	\$ 75,000	0	0	\$ 89,932	0	\$ 254,932
Nancy C. Floyd	\$ 23,500	\$ 43,750	0	0	0	0	\$ 67,250
Diane J. Hoskins(4)	\$ 21,500	\$ 43,750	0	0	\$ 334	0	\$ 65,584
James F. Lafond	\$ 81,500	\$ 75,000	0	0	\$ 48,309	0	\$ 204,809
Debra L. Lee	\$ 75,500	\$ 75,000	0	0	0	0	\$ 150,500

- (1) On January 3, 2011, each of the non-employee directors, except Ms. Floyd and Mrs. Hoskins, received an award of 2097 shares of WGL Holdings common stock in accordance with the terms of the WGL Holdings, Inc. Directors' Stock Compensation Plan. The amounts reported for stock awards reflect the aggregate grant date fair value computed in accordance with FASB ASC Topic 718. The grant date fair value of each equity award computed in accordance with FASB ASC Topic 718 was \$35.77 per share.

Upon joining the board on June 1, 2011, Ms. Floyd and Mrs. Hoskins each received an award of 1,133 shares of WGL Holdings common stock in accordance with the terms of the WGL Holdings, Inc. Directors' Stock Compensation Plan. The amounts reported for stock awards of Ms. Floyd and Mrs. Hoskins reflect the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 and the grant date fair value of each equity award computed in accordance with FASB ASC Topic 718 was \$38.60 per share.

- (2) Amounts in this column only reflect earnings on non-qualified deferred compensation. None of the directors have any retirement benefits, except for Mr. Barnes and Mr. Estrin. As described below under, DIRECTOR COMPENSATION - Director Retirement Plan, the retirement benefits for these directors are frozen and, therefore, there is no change in pension value.
- (3) Mr. Dyke is a partner of the law firm, McGuire Woods LLP. Under the arrangement Mr. Dyke has with his law firm, McGuire Woods is entitled to receive: 1) half of the compensation Mr. Dyke is paid for board meeting fees and 2) half of the fees paid to Mr. Dyke for any director education seminar he attends. Accordingly, during fiscal year 2011, we paid McGuire Woods \$17,952 in board meeting and seminar fees in connection with Mr. Dyke's service on our board of directors. McGuire Woods did not provide the company legal services and received no other fees from the company during fiscal year 2011.

(4)

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On June 1, 2011, Mrs. Diane J. Hoskins was elected to the board of directors of WGL Holdings, Inc. and Washington Gas Light Company. Effective December 16, 2011, Mrs. Hoskins resigned from the board of directors of both companies. Due to an unforeseen and significant increase in overseas travel obligations and client responsibilities related to her role as a principal of Gensler, Mrs. Hoskins determined that she would not be able to attend required board meetings nor contribute the time necessary to be actively involved on the board and its decision-making duties. In light of these circumstances, Mrs. Hoskins decided that it was in the best interests of the company and its shareholders to resign from the board of directors.

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Non-Employee Director Compensation

All non-employee directors are compensated in accordance with the terms of our director compensation program. Usually, the board reviews the level of compensation it receives for its service every two years. In connection with this review, Meridian Compensation Partners, LLC (Meridian), the board's executive compensation advisory firm, conducts a director pay review survey to identify board compensation practices of a peer group of companies. The most recent study was conducted during fiscal year 2010. The board takes this survey information into consideration when determining the meeting fees, retainers and other forms of compensation it will be paid. The board may take action at any time to amend the amount or type of compensation it receives. Directors employed by the company do not receive compensation for their role as a director. The executive officers of the company do not have a role in determining or recommending the amount or form of compensation received by directors. Other than conducting the director pay review previously mentioned, Meridian has no role in determining the compensation of the board of directors.

Director Deferred Compensation Plan

Non-employee directors of the company are eligible to defer up to 100% of their cash board compensation under the WGL Holdings and Washington Gas Light Company Deferred Compensation Plan for Outside Directors, as amended and restated (the Director Deferred Compensation Plan). This includes the deferral of the payment of annual board and committee cash retainers, board meeting fees, committee meeting fees, fees for attendance at annual and special shareholder meetings and fees paid by us for attending director education programs. Deferrals are set at percentage increments of 10%. Interest is earned on deferred amounts, compounded quarterly, at a rate equal to the weekly average yield to maturity for 10-year U.S. Government fixed interest rate securities issued at the time of the deferral, with a minimum rate of 8% per year. Non-employee directors may elect to defer distribution of their compensation for a minimum period of one year following the end of the year in which compensation is deferred or until the director's retirement from the board. Compensation deferred under the Director Deferred Compensation Plan may be distributed earlier than the time period specified by a director in the event of the director's retirement, disability, death or upon the occurrence of a severe financial hardship. Non-employee directors may elect to receive payment of deferred amounts in a lump sum or in equal annual installments up to a ten-year period. Non-employee directors must elect the time and method of distribution at the same time they submit a deferral application. Payments commence within 30 days of the event which triggers payout.

The amount of early withdrawals or accelerated payments made in connection with a severe financial hardship are limited in accordance with applicable tax laws. The administrator of the Director Deferred Compensation Plan has the sole discretion to determine whether such an early withdrawal or accelerated payment in the event of a severe financial hardship will be permitted.

Directors' Stock Compensation Plan

Pursuant to the terms of the WGL Holdings, Inc. Directors' Stock Compensation Plan, as amended and restated (Directors' Stock Plan), shares of WGL Holdings common stock are awarded to each non-employee director annually. The amount of WGL Holdings common stock awarded is equal to \$75,000 in value. The Directors' Stock Plan is administered by the Human Resources Committee of the board. Employee directors are not eligible to participate in this plan. The shares of common stock awarded under the plan are immediately vested and non-forfeitable. The Directors' Stock Plan is unfunded and will expire on March 4, 2020, if not previously terminated by the board or by the shareholders.

Table of Contents**Director Retirement Plan**

A retirement plan for non-employee directors of Washington Gas adopted in 1995 was terminated by the Board of Washington Gas effective January 1, 1998, subject to vesting of benefits earned by the directors as of that date. Of the current directors, only Messrs. Barnes and Estrin have vested benefits under this plan. The benefits are frozen and will be paid out in a fixed amount per year to each of them for a ten-year period commencing after their retirement from the board. Under the plan, Messrs. Barnes and Estrin will receive \$10,200 per year during the ten-year payout period.

Donations to Civic Organizations and Charities

Washington Gas has a long-standing tradition of supporting charitable and civic organizations within the Washington, DC metropolitan area by contributing financial donations and employee volunteer resources. None of the donations in fiscal year 2011 were made in the name of a director of WGL Holdings or Washington Gas.

Board of Directors Stock Ownership Guidelines

The board of directors has stock ownership guidelines pursuant to which each board member should own shares of WGL Holdings having a value of at least five times the amount of his or her annual cash retainer. New directors have five years from the date of their election to the board of directors to acquire this level of ownership. Based on the closing price of the common stock of WGL Holdings on January 3, 2012, each of the current directors was in compliance with these ownership guidelines as of that date.

Security Ownership of Management and Certain Beneficial Owners

The following table sets forth the information as of January 3, 2012, regarding outstanding common stock of WGL Holdings beneficially owned by each director, each nominee for election as a director, the executive officers named in the Summary Compensation Table in this proxy statement, and all directors, nominees and executive officers as a group. Each of the individuals listed, as well as all directors and executive officers as a group, beneficially owned less than 1% of the company's outstanding common stock.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)	Shares Which May Be Acquired Within 60 Days By Exercise of Stock Option
Vincent L. Ammann, Jr.	26,715	0
Michael D. Barnes	16,961	0
Beverly J. Burke	35,630	0
Gautam Chandra	16,199	0
Adrian P. Chapman	39,999	0
George P. Clancy, Jr.	17,693	0
James W. Dyke, Jr.	9,310	0
Melvyn J. Estrin	25,739	0
Nancy Floyd	2,829	0
James F. Lafond	12,991	0
Debra L. Lee	8,733	0
Terry D. McCallister	70,401	0
All directors, nominees and executive officers as a group:	337,182	0

(1) All shares are directly owned by persons shown in this table, except 12,446 shares held indirectly by executive officers in the Washington Gas Light Company Savings Plan for Management Employees.

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The following table sets forth information regarding any person who is known to WGL Holdings to be the beneficial owner of more than five percent of WGL Holdings common stock. This information is based on the most recently publicly available information at the time of the preparation of this proxy statement.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Black Rock, Inc. 40 East 52nd Street, New York, NY 10022	3,784,895 ⁽¹⁾	7.4%
State Street Global Advisors One Lincoln Street Boston, MA 02111	3,189,340 ⁽²⁾	6.2%
American Century Investment Management, Inc. 4500 Main Street, 9th floor Kansas City, MO 64111	2,947,940 ⁽³⁾	5.8%

(1) This information is based on a Form 13G/A, filed on February 2, 2011, with the SEC by Black Rock, Inc., which reported that it had sole voting authority and sole investment authority over the shares.

(2) This information is based on a Form 13G, filed on February 11, 2011, with the SEC by State Street Global Advisors, which reported that it had sole voting authority and sole investment authority over the shares.

(3) This information is based on a Form 13G, filed on February 14, 2011, with the SEC by American Century Investment Management, Inc, which reported that it had sole voting authority and sole investment authority over the shares.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 as amended, requires our executive officers and directors to file reports of securities ownership and changes in such ownership with the SEC. Based on our records and information, in fiscal year 2011, all of our directors and executive officers met the applicable reporting requirements under Section 16(a).

Policies and Procedures for Review, Approval or Ratification of Related-Person Transactions

Our policies and procedures for the review, approval or ratification of related person transactions are set forth in our Related Person Transactions Policy. In summary, a related person transaction is a consummated or currently proposed transaction in which we were or are to be a participant and the amount involved exceeds \$120,000, and in which a related person (i.e., any director or executive officer or nominee for director, or any member of the immediate family of such person) has or will have a direct or indirect material interest.

The Governance Committee of the board of directors is responsible for reviewing and approving all material transactions with any related person. This obligation is set forth in writing in the Governance Committee charter. A copy of the Governance Committee charter is available at www.wglholdings.com.

To identify related party transactions, each year we submit and require our directors and officers to complete director and officer questionnaires identifying any transactions with us in which the officer or director or their family members have an interest. We also distribute questionnaires to directors, executive officers and others within the company to identify related party transactions for purposes of meeting accounting and disclosure requirements under the Statement of Financial Accounting Standard No. 57 (SFAS 57). We review related party transactions due to the potential for a conflict of interest. A conflict of interest occurs when an individual's private interest interferes, or appears to interfere, in any

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way with the company's interests. Our code of conduct requires all directors, officers and employees who may have a potential or apparent conflict of interest to notify their supervisor or the company's Compliance Officer.

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We expect our directors, officers and employees to act and make decisions that are in the company's best interests and encourage them to avoid situations which present a conflict between our interests and their own personal interests. Our directors, officers and employees are prohibited from taking any action that may make it difficult for them to perform their duties, responsibilities and services to the company in an objective and fair manner. In addition, we are prohibited from extending personal loans to, or guaranteeing the personal obligations of, any director or officer.

No Material Related Person Transactions During Fiscal Year 2011

There were no material related person transactions during fiscal year 2011 and no transactions were considered or reviewed for approval in connection with our related person transactions policy.

HUMAN RESOURCES COMMITTEE REPORT*

The following Compensation Discussion and Analysis section has been prepared by the management of the company. The company is responsible for the Compensation Discussion and Analysis and for the disclosure controls relating to executive compensation. The Compensation Discussion and Analysis is not a report or disclosure of the Human Resources Committee.

The Human Resources Committee has reviewed and discussed with management the Compensation Discussion and Analysis section of this proxy statement. Based upon this review and its discussions, the Human Resources Committee recommended to the Board of Directors that the following Compensation Discussion and Analysis section be included in this proxy statement.

HUMAN RESOURCES COMMITTEE

Melvyn J. Estrin (Chairman)

George P. Clancy, Jr.

COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis (CD&A) contains a discussion of the material elements of compensation awarded to, earned by, or paid to the principal executive officer, the principal financial officer, and the other three most highly compensated executive officers of WGL Holdings and Washington Gas. These individuals are listed in the Summary Compensation Table provided later in this proxy statement and are referred to in this CD&A as the Named Executive Officers. References to the HR Committee are to the Human Resources Committee of the Board of Directors. None of the Named Executive Officers are members of the HR Committee.

FY 2011 in Review

2011 Say-On-Pay Vote

At the company's 2011 Annual Shareholders Meeting, we gave shareholders the opportunity to cast an advisory vote regarding the approval of our executive compensation program. This vote is commonly referred to as a say-on-pay vote. The overwhelmingly favorable say-on-pay vote (i.e., 90%) received from shareholders at the annual meeting indicated that major amendments to our executive compensation program were unnecessary. However, as part of its regular review of our executive compensation policies and practices, the HR Committee accepted management's recommendation to eliminate certain club memberships and to reduce the maximum payout amount of short-term incentives for fiscal year 2012 and future years. These changes are described later under this CD&A section.

*Notwithstanding anything to the contrary set forth in any of the company's filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, that might incorporate other filings with the SEC, including this proxy statement, in whole or in part, the Human Resources Committee Report shall not be deemed to be incorporated by reference into any such filings.

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2011 Performance and Payouts

WGL Holdings performed well in FY2011 against internal measures of success reflected in our short-term incentive plan and in stock performance for shareholders which is reflected in our long-term incentive programs. As a result:

Short-term incentive payouts for the Named Executive Officers averaged 124% of target. That recognized a year in which we met or exceeded 12 of 14 goals set at the beginning of the year, and the contributions of individuals to those results. These achievements resulted in successful outcomes for our customers, our employees and our investors.

Long-term incentives granted on October 1, 2008 paid out at 122.5% of target. This payout percentage is a direct function of our above-median three-year performance against utility peers, because the plan is structured to pay based on our total shareholder return performance ranking against peer utilities.

Note that base salary increases and other pay elements are a function of factors other than performance. A discussion of these pay elements and further detail regarding our payout of incentives are provided below.

Objectives of Executive Compensation Program

The HR Committee's philosophy is that total compensation for each of our executive officers should be competitive with executives with similar experience and responsibility. This compensation also should reflect the individual performance of each officer as well as corporate performance.

Our executive compensation program is intended to achieve three fundamental objectives:

attract and retain qualified executives;

focus executives' attention on specific strategic and operating objectives of WGL Holdings; and

align executives' interests with the long-term interests of WGL Holdings' shareholders and the customers of its regulated utility, Washington Gas.

We provide the Named Executive Officers competitive total compensation opportunities based on the size-adjusted 50th percentile of the range of compensation paid by similar utility industry companies for similar positions, with actual pay that reflects WGL Holdings' short and long-term performance and the individual's performance. The program aligns the short-term and long-term interests of management with those of our shareholders to maximize shareholder value.

The program's performance goals and factors also align management's interests with utility company customers by rewarding the provision of a safe and reliable gas supply to customers at a reasonable cost. Several of these performance goals and factors are discussed below.

Elements of Executive Compensation Program

In 2011*, our compensation program for our executive officers, including the Named Executive Officers, consisted of several compensation elements, each of which is discussed in more detail below. Each element of the executive compensation program is appropriately structured to help achieve one or more of the compensation objectives described above. Decisions with respect to one element of pay tend not to impact other elements of pay, but are made in the context of total compensation. The following are the material elements of our executive compensation program:

base salary;

short-term incentives;

* Unless stated otherwise, references to the year 2011 in this CD&A mean our fiscal year 2011 which began on October 1, 2010 and ended on September 30, 2011.

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long-term incentives;

retirement benefits;

change in control protection, and

perquisites.

Mix of Pay

A significant percentage of total compensation is allocated to incentives, both short-term and long-term. Short-term incentives focus on internal performance measures and goals that we set each year, and are paid in cash. Long-term incentives focus on our stock performance against peers and are both denominated in and paid in a combination of stock and cash.

There is no pre-established policy or target for the allocation between either cash and non-cash or short-term and long-term compensation. Rather, the HR Committee uses market data and its business judgment to determine the appropriate level and mix of incentive compensation. The allocation between current and long-term compensation is based primarily on competitive market practices relative to base salaries, annual short term incentive awards and long-term incentive award values.

Market Data and Peer Groups

Our philosophy is to provide pay opportunities for each component of pay and for total compensation at the size-adjusted 50th percentile of the utilities market. In furtherance of that objective, during 2010 as background to compensation decisions for 2011, the HR Committee's independent executive compensation advisor (the advisor) collected and analyzed comprehensive market data on base salary, short and long-term incentives, and the sum of those components. The advisor separately analyzed the market competitiveness of our executive benefits program and the prevalence of perquisites.

To develop market information for our executive officers, including the Named Executive Officers, the advisor developed compensation opportunities for comparable positions at comparable companies of comparable revenue size, using various statistical techniques to adjust the market data to be appropriate for our particular revenues size. The elements of pay were benchmarked both individually and in total to the same peer companies.

The total compensation peer group of companies used as background to 2011 pay decisions is shown below. The list is subject to change each year depending on the availability of the companies' data through the Aon Hewitt Total Compensation Measurement database (used by the advisor for 2011), and the continued appropriateness of the companies. All companies included are utility companies. While we periodically review market data of general industry companies, which is generally higher than the utility group, to date it has not impacted our actual pay levels or practices.

Fiscal 2011 Total Compensation Peer Group

AGL Resources	DTE Energy Company	Pioneer Natural Resources Co.
Allegheny Energy	Laclede Group	Portland General Electric Co.
Ameren Corporation	New Jersey Resources	PPL Corporation
Atmos Energy	Nicor Inc.	SCANA Corporation
Black Hills Corporation	NiSource Inc.	Sempra
Centerpoint Energy, Inc.	Northwest Natural Gas	South Jersey Industries
CH Energy	Northeast Utilities	Southwest Gas
Cleco Corporation	NStar	UIL Holdings
CMS Energy Corporation	Pepco Holdings, Inc.	Vectren Corporation

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Base Salary and Pay Changes for FY2011

Base salary levels of executive officers (which includes the Chairman and Chief Executive Officer and the other Named Executive Officers), in 2011 and in prior years, were set at a level approximately equal to the size-adjusted 50th percentile of the utility market for officers of similar experience and responsibility. The HR Committee utilized comprehensive executive compensation data provided by its advisor in determining these market levels and in establishing a competitive level of compensation for all of our officers. This approach was taken to place base salaries at overall market rates, and to leave the opportunity for each officer to achieve or exceed total target compensation through incentive pay. This continuing practice is designed to encourage higher levels of performance by the officers. It also is seen as a way to align the interests of the officers of WGL Holdings and Washington Gas more closely with the interests of shareholders.

The compensation data demonstrated a higher level of market base pay for the Chairman and Chief Executive Officer position as compared to other executive officers. Therefore, the HR Committee granted Mr. McCallister higher levels of short and long-term compensation than other officers. Short-term and long-term incentive opportunities for the Chairman and Chief Executive Officer and for the other executive officers were established based on considerations of market data and internal pay equity.

Mr. McCallister, our Chairman and Chief Executive Officer, made specific recommendations for 2011 salary adjustments for all officers except himself, considering the data provided by the HR Committee's advisor on industry compensation levels, the scope of each Named Executive Officer's role, and the Named Executive Officer's sustained individual performance, results, and time in position. These recommendations were presented to the HR Committee for discussion and recommendation to the board of directors at the September 24, 2010 HR Committee meeting and were effective October 1, 2010.

The HR Committee met with its advisor in executive session at that meeting to consider Mr. McCallister's base salary and target incentives for 2011, which it has sole authority to approve. In September 2010, the HR Committee made the second of two increases needed to bring Mr. McCallister's pay opportunity near market levels by increasing: base salary by 21.8%, short-term incentive opportunity by 5% of base salary, and long-term incentive opportunity by 5% of base salary.

The other named executive officers also received increases in base salary and, in some cases, to incentive opportunities. For similar reasons as Mr. McCallister, the increase for Mr. Chapman was substantial for 2011 (16.0%) in order to close a significant gap between his base salary and the market for his position due to his promotion to President and Chief Operating Officer, with increases also made to 2011 short-term incentive opportunity (5% of base salary) and long-term incentive opportunity (5% of base salary) for the same reason.

The base salary that was paid to each Named Executive Officer in 2011 is the amount reported for such officer in column (c) of the Summary Compensation Table that appears later in this proxy statement. Short-term incentive target opportunities are reflected in column (d) of the Grants of Plan-Based Awards Table that appears later in this proxy statement.

Omnibus Incentive Compensation Plan

The WGL Holdings, Inc. Omnibus Incentive Compensation Plan (Omnibus Plan) provides the opportunity for short-term and long-term incentive compensation of our executive officers, including the Named Executive Officers. Short-term incentive compensation is at risk, in that payment of any of this compensation depends upon performance of the individual officer and our company performance. Long-term incentive compensation is also at risk in that it relates directly to the performance of WGL Holdings common stock against that of other utilities.

Table of Contents***Short-Term Incentive Compensation****Purpose of Short-Term Incentives*

The short-term incentive program is designed to encourage and to recognize the level of performance of officers of WGL Holdings and its subsidiaries.

Short-Term Incentive Awards

The fiscal year 2011 short-term incentive program set target percentages of base salary that could be earned for the achievement of corporate and individual performance goals. Payouts could be higher or lower than target depending on 2011 corporate and individual performance, ranging from 0% to 172.5% of target per the scale below.

Item	Corporate	Individual	Total
Weighting	75%	25%	100%
Corporate or Individual Factor, as applicable	maximum 1.5	maximum 1.5	
Individual Factor applied again to the Corporate Portion	maximum 1.2		
Maximum payout as % of target	135%	37.5%	172.5%

The amounts listed in columns (c), (d) and (e) of the **Grants of Plan-Based Awards** table in this proxy statement show the potential range of short-term cash awards for 2011 for each Named Executive Officer.

For 2012 and future years, the HR Committee lowered the pay opportunity under the short-term incentive plan by limiting the application of the Individual Factor from 1.2 to 1.0 when applied to the Corporate Portion. Thus, for 2012, the range of payout will be 0% to 150% of target.

At its September 24, 2010 meeting, the HR Committee set 2011 target short-term incentive award opportunities for each Named Executive Officer at or near the size-adjusted 50th percentile of the market data provided by the HR Committee's advisor. It also approved 2011 performance factors and goals that governed payout under the plan.

The performance factors recognize that shareholders in a regulated utility achieve their investing goals when customers are well served through efficient operations. The 2011 performance goals, targets and results are set forth below.

For the company:

A return on equity threshold (non-GAAP consolidated) of 8.8%, which, if not met, would lead to a zero payout of the corporate portion of the plan.

Six corporate performance measures related to: safe delivery, performance improvement, customer value, employer of choice, reliable supply and financial performance. The performance targets are intended to challenge the company and its executive officers to achieve significant accomplishments in each of these areas. These measures comprise what is referred to as our corporate scorecard. Performance against these goals resulted in a Corporate Factor determined by the HR Committee. The determination of the Corporate Factor is discretionary.

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not formulaic, and the measures below were set at challenging degrees of difficulty that target significant achievement and are not weighted in any particular manner.

Corporate Goals	Fiscal Year 2011 Target	Fiscal Year 2011 Results
1. Safe Delivery		
Employee Work Safety	Less than or equal to 3.10 incidents per 100 employees	2.58 incidents per 100 employees
Damage Prevention Success	Less than or equal to 1.68 damages per 1,000 locate requests	1.52 damages per 1000 locate requests
2. Performance Improvement		
BPO* Service Level Achievement	Greater than or equal to 92%	92.1%
BPO Cost Alignment	Less than or equal to 100%	95.7%
Construction Unit Cost	Less than or equal to 100% of budget	96%
O & M Per Customer	Less than or equal \$261	\$253
3. Customer Value		
New meter additions	10,900	9,867
Customer Satisfaction	Greater than or equal to 86%	89.2%
Supplier diversity	13%	18.9%
4. Employer of Choice		
Employee engagement	Greater than or equal to the national norm for employee engagement (80%)	82%
Community involvement	7,000 hours of community service by Washington Gas employees	9,745
5. Reliable Supply		
System Reliability	Less than or equal to 75 outages per 100,000 meters	62 outages per 100,000 meters
6. Reward Investors		
Utility Return on Equity	Greater than or equal to 10% (non-GAAP)	8.6%
Non-Utility Earnings	100% of targeted earnings levels	124%

*Note: BPO means the business process outsourcing plan whereby a service provider currently performs functions that were historically performed internally by the company.

The company's progress in the areas described above strengthens our ability to grow and to provide a competitive return for investors while maintaining a safe, reliable natural gas distribution system that provides sustainable value for our customers.

For fiscal year 2011, the company's return on equity threshold and twelve other performance criteria were met or exceeded and as a result, on November 16, 2011, Mr. McCallister recommended, and the HR Committee approved, a Corporate Factor of 1.05% for 2011.

Named Executive Officers had individual goals for FY2011 which encompassed:

their contributions to meeting established corporate and departmental goals;

managing resources within established departmental budgets;

effectiveness in areas of leadership, planning and teamwork; and

evaluations by peers and others.

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After a comprehensive performance appraisal of each executive officer and a review of their achievement of the personal goals which had been set for them, Mr. McCallister recommended an Individual Factor specific to each Named Executive Officer, except for himself. The HR Committee discussed and approved the Individual Factors recommended by the Chief Executive Officer for the Named Executive Officers. In executive session, the HR Committee developed an Individual Factor of 1.40 for Mr. McCallister.

These Individual Factors reflected the personal effectiveness of the executives in achieving the results of the corporate scorecard which are described above. Mr. McCallister's Individual Factor in particular reflects achievement of 12 of 14 goals on the corporate scorecard, improving expected earnings results by \$0.25 per share over the course of the year, enhancing and improving employee and public safety, and initiating new business opportunities in renewable energy. Additionally:

Washington Gas was named Corporation of the Year at the Maryland/District of Columbia Minority Supplier Development Council's 30th Annual Awards Gala and was recognized by Diversity Magazine as one of the top 40 companies in the nation for diversity;

The Washington Business Journal and the Community Foundation of Northern Virginia recognized the contributions of Washington Gas to its communities;

Washington Gas' employee engagement score surpassed the Towers Watson national norm for the first time in fiscal year 2011; and

The damage prevention success target was exceeded, Washington Gas has the best damage prevention program in Virginia and Virginia leads the nation in damage prevention.

For tax purposes, the HR Committee set a limitation on 2011 short-term incentive payouts for Messrs. McCallister and Chapman of 0.96% and 0.52% of 2011 net income, respectively. The HR Committee then used negative discretion as provided under Section 162(m) of the Internal Revenue Code to arrive at actual, lower 2011 payouts based on our performance for the year.

The amounts of short-term incentive awards relating to the 2011 fiscal year were paid in December 2011 and are set forth under column (g) entitled Non-Equity Incentive Plan Compensation in the Summary Compensation Table in this proxy statement. The amounts of such short-term incentive awards range from 104% to 130% of target.

Clawback Policy – Forfeiture and Recoupment of Short-Term Incentives

On December 18, 2009, the board of directors adopted a Forfeiture and Recoupment Policy in order to recoup short-term incentive awards paid to certain officers of the company and its subsidiaries, including the Named Executive Officers. Pursuant to the policy, the company's board of directors, upon recommendation by the HR Committee, may direct that all or a portion of any short-term incentive payout made to certain officers be recovered if such payout is based on materially inaccurate financial statements or any other materially inaccurate performance metric criteria.

The HR Committee will determine whether such recovery will be effectuated by: (i) seeking repayment from the officer, (ii) reducing the amount that would otherwise be payable to the officer under any compensatory plan, program, or arrangement maintained by the company, (iii) withholding payment of future increases in compensation (including the payment of any discretionary bonus amount) or grants of compensatory awards that would otherwise have been made in accordance with the company's otherwise applicable compensation practices, or (iv) any combination of the foregoing. In each instance in which the potential for recovery of short-term incentives exists, the company will not seek recovery after a period of 24 months following the first public issuance or filing with the Securities and Exchange Commission (which ever first occurs) of a financial report containing a materially inaccurate statement or the achievement of performance metric criteria where the achievement of such criteria is later deemed to have been materially inaccurate.

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Long-Term Incentive Compensation

Purpose of Long-Term Incentive Awards

The long-term incentive program depends entirely on our performance for shareholders relative to other utilities. It was designed to achieve the following goals:

Align executives' interests with shareholder interests: in addition to having performance share and performance unit payouts dependent on WGL Holdings common stock performance compared to peer companies, performance share and unit awards also rise and fall in value with the price of our stock during the performance period.

Match market practice: the majority of regulated utility companies use plans similar to our performance share and performance unit programs and use similar performance measures.

Promote common stock ownership: payout of earned performance share awards is made 100% in common stock.

Encourage retention: vesting provisions in the performance share and performance unit programs provide incentive for executives to stay with us and manage the company in the long-term interests of the company, its shareholders and customers.

As of October 1, 2007, we changed the program to eliminate the granting of stock options and instead began granting performance shares and performance units in a 50%-50% ratio. The program change was done in order to achieve the goals listed above while lowering the dilutive effect of the program and bringing it more in line with competitive practice.

Award Size Determinations

The target values of the long-term incentive awards for Named Executive Officers are determined by the HR Committee based on the size-adjusted 50th percentile of the market data provided by its advisor and on internal pay equity. To arrive at the actual award sizes (which represent payment at target performance) for performance shares and performance units, we divide the executive officer's target value applicable to performance units (50% of the total) by the value of one performance unit on the date of grant, and the target value applicable to performance shares (50% of the total) by the value of one performance share on the date of grant, both as calculated by the HR Committee advisor using the same methodology used to develop the market data.

Performance Share and Performance Unit Awards

Performance share awards are denominated in and are paid out in shares of WGL Holdings stock. Performance unit awards are denominated in dollars and are paid out in cash. In all other respects, the two awards are the same.

Performance shares and performance units will be paid out at the end of the performance period if certain long-term performance criteria are achieved and the Named Executive Officer remains an employee. If the Named Executive Officer leaves the company before the performance period has ended, he or she will forfeit any payouts for all open performance periods. Upon retirement, death or disability, however, the HR Committee has discretion to prorate awards based on the number of months worked in the performance period.

The measure of performance for performance shares and performance units is Total Shareholder Return relative to a specified peer group. Total Shareholder Return (TSR) is calculated as follows:

$$\text{Total Shareholder Return} = \frac{\text{Change in stock price} + \text{dividend paid}}{\text{Beginning stock price}}$$

Table of Contents***Performance/Payout Relationship***

The table below shows the performance and payout scale for performance share and performance unit awards. Generally, the percentile rank will not fall directly on one of the ranks listed in the left column. When this occurs, performance is interpolated between the percentiles listed in the columns on a straight-line basis.

Performance in Total Shareholder	Payout of Performance Shares or Units
Return vs. Peers	(% of Target Awarded)
90 th percentile+	200%
70 th percentile	150%
50 th percentile	100%
30 th percentile	50%
Less than 30 th percentile	0% (No payout)

Peer Group Selection

In order to determine the peer group applicable to a particular performance period, the HR Committee generally designates companies as peers based on the following criteria:

classification as an energy related company under the Standard Industrialization Classification codes;

public equity ownership and headquarters in the United States;

no announced merger plans;

annual net revenues greater than \$175 million;

at least 75% of assets related to U.S. natural gas distribution;

no significant exploration and production or electric generation assets;

no announced merger plans

no significant energy trading operations; and

an investment grade credit rating by Standard & Poor's and Moody's.

Companies that meet most, but not all of the above criteria are considered and included in a peer group if deemed to be comparable from other market indicators.

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Fiscal Year 2009 2011 Performance Share and Unit Peer Group and Payout

In September 2008, the HR Committee awarded performance shares and units for the 2009-2011 performance period (the 2009-2011 performance period) which ran from October 1, 2008 through September 30, 2011. Such awards were made on the same terms as described above, and paid out on October 1, 2011 to the extent earned through performance during that period. The 2009-2011 performance period peer group was developed using the criteria listed under, Peer Group Selection except that companies were excluded based on having unregulated generation assets rather than electric generation assets. The peer companies used for the 2009-2011 performance period were:

AGL Resources	Nicor Inc.	Piedmont Natural Gas
Atmos Energy	Northeast Utilities	South Jersey Industries
CH Energy Group	Northwest Natural Gas	Southwest Gas Corp.
Consolidated Edison, Inc.	NSTAR	UIL Holdings Corp.
Laclede Group Inc.	Pepco Holdings, Inc.	Vectren Corporation
New Jersey Resources		

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The 2009-2011 performance period shares and units vested and were paid out at 122.5% of target because our total shareholder return performance was at the 59th percentile of the peer group as of the end of the performance period. Our total shareholder return performance and payout information for the 2009-2011 performance period is illustrated as follows:

Performance in Total Shareholder		Payout of Performance Shares or Units	
Return vs. Peers		(% of Target Awarded)	
	90 th percentile+		200%
	70 th percentile		150%
59 th percentile	WGL Holdings actual performance	122.5%	earned during period
	50 th percentile		100%
	30 th percentile		50%
	Less than 30 th percentile		0% (No payout)

Fiscal Year 2011 2013 Performance Share and Unit Peer Group

The payout of performance share and unit grants made in fiscal year 2011 (i.e., on October 1, 2010) will be based on our 2011-2013 total shareholder return against peer companies during the performance period runs from October 1, 2010 through September 30, 2013. The 2011-2013 peer companies listed below were approved at the HR Committee's September 24, 2010 meeting based on the criteria described under the heading, Peer Group Selection .

AGL Resources	Nicor Inc.	Piedmont Natural Gas
Atmos Energy	Northeast Utilities	South Jersey Industries
CH Energy Group	Northwest Natural Gas	Southwest Gas Corp.
CenterPoint Energy	Northwestern Corp.	Vectren Corporation
Consolidated Edison, Inc.	NSTAR	
Laclede Group Inc.	Pepco Holdings, Inc.	
New Jersey Resources		

Other Prior Year Awards

Performance share and unit award grants also were made for the 2010-2012 performance period which runs from October 1, 2009 through September 30, 2012. The terms of those awards are similar to those described above.

Analysis**Key Analytic Tools**

The HR Committee uses specific analytic tools as well as its seasoned business judgment in forming recommendations and decisions on executive compensation matters. To facilitate the HR Committee's decision-making process for fiscal year 2011, its advisor prepared: an executive compensation market study, compensation tally sheets for each executive, pay and performance comparisons, retirement benefits and perquisites studies, incentive risk evaluation and information on executive compensation trends. These materials were delivered to the HR Committee members in advance of HR Committee meetings and were the subject of discussion between HR Committee members and the advisor.

In addition, the HR Committee received and considered comprehensive reports from management on corporate and individual executive performance. Corporate performance was discussed with the HR Committee at the time our financial results for fiscal year 2011 were being released to the public. The HR Committee considered our corporate performance as measured by our reported financial results for fiscal year 2011, the corporate scorecard for fiscal year 2011 and in comparison to our financial goals. Details regarding the targets and results for our corporate scorecard are reported elsewhere in this CD&A.

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Individual performance is measured each year by the HR Committee and our management. Every other year the HR Committee assesses performance in part by the use of a multi-rater survey of our executives. This multi-rater survey is prepared and administered by a consultant to the company and the HR Committee. The HR Committee members also have direct knowledge of the performance of several of the executives through regular and special reports by these executives to the board of directors and board committees. In addition, our Chairman and Chief Executive Officer discusses the performance of our other executives in detail with the HR Committee.

Several specific corporate performance factors and individual performance factors were considered by the HR Committee in establishing the compensation of our Named Executive Officers for fiscal year 2011. Those corporate and leadership performance factors are specifically described elsewhere in this proxy statement.

Retirement Benefits

We provide retirement benefits to the Named Executive Officers under the terms of qualified and non-qualified defined-benefit and defined-contribution retirement plans. Retirement benefits provide post-employment security to our employees. They are an essential part of a total compensation package that is competitive with those offered by other companies, particularly other gas and electric utilities. Retirement benefit programs applicable to the Named Executive Officers are:

employee benefits that are available to our employees, including the Washington Gas Light Company Savings Plan for Management Employees, and the tax-qualified Washington Gas Light Company Employees Pension Plan; and

the Supplemental Executive Retirement Plan (SERP).

The Washington Gas Light Company Savings Plan for Management Employees (401(k) Plan) is a tax-qualified retirement plan in which the Named Executive Officers participate on the same terms as our other participating employees.

The Washington Gas Light Company Employees Pension Plan (Pension Plan) is a qualified, trustee, non-contributory pension plan covering active employees (including certain executive officers) and vested former employees of Washington Gas. Effective July 1, 2009, the Pension Plan was closed to new management employee entrants. All employees hired after that date will participate in a defined contribution plan (the DC Plan). The DC Plan provides a company contribution between 4%-6% of base salary (depending on length of service) to subject employees. The Pension Plan was closed in order to reduce the company's risk and to provide a greater degree of predictability regarding the company's long-term financial obligations.

The SERP is a defined benefit plan that allows accrual of a higher benefit than the qualified plan, but vests it more slowly. This plan allows us to: i) attract mid-career executive hires by replacing foregone pension benefits at former employers, and ii) be competitive with pensions provided to executives at peer companies which aids in the retention of our executive officers.

On December 18, 2009, the Washington Gas board of directors adopted a defined contribution form of Supplemental Executive Retirement Plan (the DC SERP). The prior defined benefit SERP was closed to new participants on December 31, 2009. Employees hired or promoted after December 31, 2009 will be eligible to participate only in the DC SERP, not the SERP. Those individuals that were executives at that time had a choice of either remaining in the SERP or joining the new DC SERP. The closing of the SERP to new participants was made for several reasons. By closing the SERP to new participants and creating the DC SERP, the company is able to: (i) reduce its risk, (ii) provide greater predictability of its long-term financial obligations, and (iii) align executive compensation with prevailing market practices. The benefits provided under the DC SERP are at the market median and comprise an element of our total compensation package that is competitive with those offered by other gas and electric utilities. Each of the Named Executive Officers is a participant under the SERP and Pension Plan.

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The SERP and DC SERP include a clawback provision that requires a participant to forfeit benefit payments under certain circumstances. Under this clawback provision, if a SERP or DC SERP participant willfully performs any act or willfully fails to perform any act that may result in material discredit or substantial detriment to Washington Gas, then upon a majority vote of the board of directors, the participant, his or her surviving spouse and any beneficiary of those persons, will forfeit any benefit payments owing on and after a date fixed by the board of directors. After this fixed date, the company will have no further obligation under the SERP or DC SERP to the participant, his or her spouse or any beneficiary. Also, under the clawback provision, if a participant has received a lump-sum benefit, the participant or the surviving spouse would be required to return a proportionate share of that lump sum payment to Washington Gas.

None of the Named Executive Officers are participants in the DC SERP or DC Plan.

See ~~PENSION~~BENEFITS Pension Plan later in this proxy statement for a discussion of the other aspects of the Pension Plan.

See ~~PENSION~~BENEFITS Supplemental Executive Retirement Plan later in this proxy statement for a discussion of other aspects of the SERP.

Severance/Change in Control Protections

Our policy regarding severance protection for Named Executive Officers stems from its importance in recruiting and retaining executives in a competitive environment where executives are commonly being recruited from well-compensated positions in other companies or considering attractive opportunities with other companies.

We offer certain benefits to executive officers in the event of a change in control of WGL Holdings or Washington Gas. The occurrence, or potential occurrence, of a change in control transaction would create uncertainty regarding the continued employment of each Named Executive Officer. This uncertainty would result from the fact that many change in control transactions result in significant organizational changes, particularly at the senior executive level. Providing limited protections to the Named Executive Officers upon a change in control is in our shareholders' best interests because doing so serves to promote a stable executive team during the transition process and is helpful in hiring executives into the company.

To encourage the Named Executive Officers to remain employed with us during a time when their prospects for continued employment following the transaction would be uncertain, and to permit them to remain focused on shareholders' and customers' interests during the change in control, the Named Executive Officers would be provided with severance benefits which include the value of two or three years' worth of target-level compensation if their employment were actually or constructively terminated without cause in connection with a change in control.

Named Executive Officers should not be entitled to receive cash severance benefits merely because a change in control transaction occurs. Therefore, the WGL Holdings, Inc. and Washington Gas Light Company Change in Control Severance Plan for Certain Executives (the "CIC Plan") provides for the payment of severance benefits upon a dual trigger event. A dual trigger event used in this context means that cash payments and vesting/payouts of one-half the outstanding long-term incentive awards happen only upon the occurrence of both a change in control and either: (i) an involuntary termination of employment or (ii) a voluntary termination with good reason.

Given that none of the Named Executive Officers has an employment agreement that provides for fixed positions or duties, or for a fixed base salary or actual or target annual bonus, we have concluded that a constructive termination severance trigger is appropriate to prevent potential acquirers from having an incentive to cause constructive termination of a Named Executive Officer's employment to avoid paying any severance benefits at all. Without a constructive termination severance trigger, following a change in control, an acquirer could materially demote a Named Executive Officer,

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materially reduce his or her salary and reduce or eliminate his or her annual bonus opportunity in order to force the Named Executive Officer to terminate his or her own employment and thereby avoid paying severance. Thus, the CIC Plan provides certain benefits for Named Executive Officers in the event of a qualified termination.

If a change in control payment exceeds the limit for deductible payments under Section 280G of the Internal Revenue Code by 10% or more, reimbursement will be made for the full amount of any excise taxes (but not income taxes) imposed, and for all taxes due on the amount of that reimbursement. This provision is intended to preserve the level of change-in-control severance protections that we have determined to be appropriate. On November 17, 2010, the Board of Directors eliminated the reimbursement by the company of excise taxes imposed on such severance payments for any executive officers that become covered by the terms of the CIC Plan on or after January 1, 2011. Each of the Named Executive Officers became covered by the CIC Plan prior to January 1, 2011.

Levels of change-in-control payments were developed in prior years and were either reaffirmed or adjusted after a thorough reevaluation of such protection by the HR Committee in 2006. That re-evaluation included input from the HR Committee's advisor and considered both market practice and best practice.

See POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL Change in Control Severance Plan for Certain Executives later in this proxy statement for a discussion of the other aspects of the CIC Plan.

Perquisites

We provide limited perquisites to the Named Executive Officers. In general, we will provide Named Executive Officers with a specific perquisite only when the perquisite provides competitive value and promotes retention of executives, or when the perquisite provides shareholder value.

We have a program of income tax, estate and financial planning services for our executive officers. We pay the actual cost of these services provided to the executive officer up to a pre-determined ceiling. We also pay the cost of certain other perquisites for executive officers, including parking at our headquarters building, a vehicle allowance and an annual physical examination. We had memberships at three clubs during 2011 held in the names of the Chairman and Chief Executive Officer and the President and Chief Operating Officer that were for use for business purposes. However, these memberships at clubs have been cancelled as of December 31, 2011. We also have rights to the use of a suite at a sports arena that is available for business purposes by employees. Other benefits available to the Named Executive Officers are noted in footnotes to the Summary Compensation Table. The values of perquisites provided to each Named Executive Officer in 2011 are reported in Column (i) of the Summary Compensation Table in this proxy statement.

Timing of Compensation

Under our current policy, long-term incentive awards are granted effective each October 1, the first day of the fiscal year. Short-term incentive payouts are generally made in November. The HR Committee has the discretion to make awards at any time.

Following is a discussion of the timing of compensation decisions for fiscal year 2011:

Base salary changes for 2011 were determined at the September 24, 2010 HR Committee and September 29, 2010 board meetings;

Short and long-term incentive goals for 2011 were set at the September 24, 2010 HR Committee meeting;

Performance share and performance unit grants were approved at the September 24, 2010 HR Committee meeting for grants effective on October 1, 2010 and using stock price on that date, and;

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Short-term incentive payments for 2011 were approved at the HR Committee and Board meetings held on November 16, 2011.

Impact of Prior Compensation

Amounts realizable from prior compensation did not serve to increase or decrease 2011 compensation amounts. The HR Committee's primary focus was on achieving market-level compensation opportunities.

Factors Considered in Decisions to Increase or Decrease Compensation Materially

As described above in this CD&A, market data, retention needs, performance and internal pay equity have been the primary factors considered in decisions to increase or decrease compensation opportunities materially. Corporate and individual performances are the primary factors in determining the ultimate value of those compensation opportunities.

Role of Executive Officers

Mr. McCallister, our Chairman and Chief Executive Officer, recommended to the HR Committee compensation opportunities for the other Named Executive Officers. Mr. McCallister was not involved in determining his own compensation. In determining short-term incentive payouts for 2011, Mr. McCallister recommended an Individual Factor specific to each Named Executive Officer, except for himself. None of the other Named Executive Officers had any role in determining their executive compensation.

Executive Officer Stock Ownership Requirements

We previously had a policy of encouraging our executive officers to accumulate an amount of shares equal in value to such executive officer's base salary. On November 17, 2010, the HR Committee recommended and the Board of Directors approved enhanced stock ownership requirements for executive officers that became effective on January 1, 2011. Under the requirements:

- (i) the Chief Executive Officer is required to hold 3x base salary in WGL Holdings common stock;
- (ii) the President and Chief Operating Officer, Vice President and Chief Financial Officer, and the Vice President and General Counsel are each required to hold 2x base salary in WGL Holdings common stock; and
- (iii) all other executive officers are required to hold 1x base salary in WGL Holdings common stock.

Executive officers must retain performance shares issued through incentive plans (currently the Omnibus Incentive Compensation Plan) net of tax withholding until the threshold holding requirement is met. At the discretion of the Chief Executive Officer, holding requirement waivers may be granted from time to time, if an executive officer is able to demonstrate a financial hardship. Margined stock will not be counted towards satisfaction of the stock ownership requirement.

Company Policy Regarding the Economic Risk of Common Stock Ownership

Our code of conduct prohibits executive officers, directors and other individuals with material non-public information from engaging in purchase, sale or option exercises with respect to our common stock outside of certain window periods, except in accordance with trading plans that comply with Rule 10b5-1 promulgated under the Securities Exchange Act of 1934, as amended.

Other Compensation Matters

We do not have any written or unwritten employment agreements with any of the Named Executive Officers. Each Named Executive Officer is an employee at will.

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All elements of executive compensation are regularly benchmarked against executive compensation in peer companies. Base salary, annual bonus, and long-term incentive compensation are benchmarked annually.

COMPENSATION OF EXECUTIVE OFFICERS

The following tables and related footnotes and discussion present information about compensation for the Chief Executive Officer, the Chief Financial Officer and the three other most highly compensated executive officers of WGL Holdings and its subsidiaries (the Named Executive Officers). The Summary Compensation Table below quantifies the value of the different forms of compensation earned by or paid to Named Executive Officers in fiscal years 2009, 2010 and 2011.

The Summary Compensation Table should be read in connection with the tables and narrative descriptions that follow. The Grants of Plan-Based Awards in Fiscal 2011 table, and the description of the material terms of the performance shares and units granted in fiscal year 2011 that follows it, provide information regarding the long-term equity incentives awarded to Named Executive Officers that are reported in the Summary Compensation Table. The Outstanding Equity Awards at Fiscal 2011 Year End and Option Exercises and Stock Vested in Fiscal Year 2011 tables provide further information on the Named Executive Officers' potential realizable value and actual value realized with respect to their equity awards.

The Pension Benefits table and related description of the material terms of the retirement plans describe each Named Executive Officer's retirement benefits to provide context to the amounts listed in the Summary Compensation Table.

SUMMARY COMPENSATION TABLE

The following table presents information about compensation for the Named Executive Officers. It includes compensation awarded to, earned by or paid to the Named Executive Officers during fiscal years 2009, 2010 and 2011. Each of the below-named individuals was also an executive officer of Washington Gas Light Company (Washington Gas), our utility subsidiary. The compensation shown in the following table was paid to the individual by Washington Gas.

Name and Principal Position (1)	Year	Salary	Bonus	Stock Awards (2)	Option Awards (2)	Non-Equity Incentive Compensation (\$)(3)	Non-qualified Deferred Compensation Earnings(\$)(4)	Change in Pension Value and All Other Compensation (\$)(5)	Total(\$)
Terry D. McCallister Chief Executive Officer and Chairman	2011	\$ 755,000	0	\$ 1,494,841	\$ 0	\$ 733,294	\$ 970,061	\$ 52,829	\$ 4,006,025
	2010	\$ 620,000	0	\$ 1,119,543	\$ 0	\$ 572,880	\$ 1,296,257	\$ 48,882	\$ 3,657,562
	2009	\$ 485,000	0	\$ 671,976	\$ 0	\$ 449,595	\$ 563,425	\$ 48,617	\$ 2,218,613
Vincent L. Ammann, Jr. Vice President and Chief Financial Officer	2011	\$ 405,000	0	\$ 515,495	\$ 0	\$ 280,108	\$ 318,858	\$ 26,818	\$ 1,546,279
	2010	\$ 385,000	0	\$ 463,459	\$ 0	\$ 279,510	\$ 407,626	\$ 26,529	\$ 1,562,124
	2009	\$ 380,000	0	\$ 451,258	\$ 0	\$ 293,550	\$ 213,200	\$ 26,380	\$ 1,364,388
Adrian P. Chapman President and Chief Operating Officer	2011	\$ 470,000	0	\$ 697,925	\$ 0	\$ 395,623	\$ 536,375	\$ 46,143	\$ 2,146,066
	2010	\$ 405,000	0	\$ 541,732	\$ 0	\$ 314,685	\$ 880,682	\$ 41,988	\$ 2,184,087
	2009	\$ 340,000	0	\$ 403,758	\$ 0	\$ 232,560	\$ 449,494	\$ 29,196	\$ 1,455,008
Beverly J. Burke(6) Vice President and General Counsel	2011	\$ 345,000	0	\$ 390,340	\$ 0	\$ 178,969	\$ 250,505	\$ 29,343	\$ 1,149,157
	2010	\$ 330,000	0	\$ 353,126	\$ 0	\$ 154,069	\$ 1,088,294	\$ 25,348	\$ 1,950,837
	2009	\$ 325,000	0	\$ 343,084	\$ 0	\$ 216,816	\$ 628,948	\$ 25,724	\$ 1,539,572
Gautam Chandra(7) Vice President	2011	\$ 345,000	0	\$ 390,340	\$ 0	\$ 223,388	\$ 184,600	\$ 26,304	\$ 1,169,632
	2010	\$ 305,000	0	\$ 285,560	\$ 0	\$ 177,739	\$ 248,511	\$ 25,443	\$ 1,042,253

(1) The principal positions shown are as of September 30, 2011.

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- (2) Stock awards consist of performance shares and performance units. For a description of the vesting conditions of performance shares and performance units, see Performance Shares and Performance Units following the Grants of Plan-

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Based Awards in Fiscal Year 2011 table. The amounts in column (e) include the sum of the values for performance shares and performance units. The following Named Executive Officers were granted the corresponding target value of performance units in fiscal year 2011: Mr. McCallister \$747,450; Mr. Ammann \$257,753; Mr. Chapman \$348,976; Ms. Burke \$195,172; and Mr. Chandra \$195,172. The following Named Executive Officers were granted the corresponding target value of performance units in fiscal year 2010: Mr. McCallister \$559,811; Mr. Ammann \$231,750; Mr. Chapman \$270,876; Ms. Burke \$176,572; and Mr. Chandra \$142,795. The following Named Executive Officers were granted the corresponding target value of performance units in fiscal year 2009: Mr. McCallister \$336,012; Mr. Ammann \$225,657; Mr. Chapman \$201,904; and Ms. Burke \$171,552.

The amounts disclosed in column (e) represent the aggregate grant date fair value of the performance share and unit awards computed in accordance with FASB ASC Topic 718 at the target level of payout. The values of these awards, assuming that the highest level of performance conditions are achieved, are as follows: Fiscal year 2011: Mr. McCallister \$2,989,682; Mr. Ammann \$1,030,990; Mr. Chapman \$1,395,850; Ms. Burke \$780,680; and Mr. Chandra \$780,680. Fiscal year 2010: Mr. McCallister \$2,239,086; Mr. Ammann \$926,918; Mr. Chapman \$1,083,464; Ms. Burke \$706,252; and Mr. Chandra \$571,122. Fiscal year 2009: Mr. McCallister \$1,343,952; Mr. Ammann \$902,516; Mr. Chapman \$807,514; and Ms. Burke \$686,168.

For a discussion of the assumptions and methodologies used to calculate the amounts in column (e), see the discussion of performance shares and performance units contained in Note 11 (Stock-Based Compensation) to the WGL Holdings Consolidated Financial Statements, included as part of the company's 2011 Annual Report on Form 10-K filed with the SEC and incorporated herein by reference. There were no forfeitures of performance shares or performance units by any Named Executive Officer in fiscal years 2009, 2010, or 2011. We caution that the actual amount ultimately realized by a Named Executive Officer from the disclosed awards listed under column (e) will likely vary based on a number of factors, including our actual operating performance, stock price fluctuations, differences from the valuation assumptions used and the timing of applicable vesting. Performance shares and performance units do not provide for accelerated vesting.

- (3) The amounts shown in column (g) constitute the short-term incentive payouts made to the Named Executive Officers as described in the CD&A. The fiscal year 2011 short-term incentive payout amounts were paid in December 2011.
- (4) None of the Named Executive Officers, except Ms. Burke, had any non-qualified deferred compensation. Therefore, this column only reflects pension accruals for the officers, except Ms. Burke. There are no above market or preferential earnings on compensation deferred on a basis that are not tax-qualified, including such earnings on non-qualified contribution plans. The pension accrual amounts represent the difference in present value (measured at the respective fiscal year-end dates shown in the table) of the age 65 accrued pension (or the current benefit if older) under the Pension Plan and Supplemental Executive Retirement Plan, based on the pension plan assumptions for each year as shown in the text following the Pension Benefits table set forth later in this proxy statement.
- (5) The amounts in column (i) represent the values of perquisites and matching contributions under the Washington Gas Light Company's Savings Plan for Management Employees (the 401(k) Savings Plan). The value of perquisites is set forth in the following table. The following Named Executive Officers received the corresponding amounts as matching contributions under the 401(k) Savings Plan during fiscal year 2011: Mr. McCallister \$9,531; Mr. Ammann \$9,800; Mr. Chapman \$9,450; Ms. Burke \$9,553; and Mr. Chandra \$10,100. The following Named Executive Officers received the corresponding amounts as matching contributions under the 401(k) Savings Plan during fiscal year 2010: Mr. McCallister \$9,539; Mr. Ammann \$9,800; Mr. Chapman \$9,490; Ms. Burke \$9,646; and Mr. Chandra \$9,372. The following Named Executive Officers received the corresponding amounts as matching contributions under the 401(k) Savings Plan during fiscal year 2009: Mr. McCallister \$9,700; Mr. Ammann \$9,800; Mr. Chapman \$9,439 and Ms. Burke \$9,500.
- (6) Ms. Burke retired from the company effective December 31, 2011. Ms. Leslie T. Thornton was elected Vice President and General Counsel effective January 1, 2012.
- (7) Mr. Chandra became a Named Executive Officer for the first time in fiscal year 2010, consequently, only fiscal years 2010 and 2011 compensation are shown for Mr. Chandra in the Summary Compensation Table.

Perquisites

We have a program of income tax, estate and financial planning services for our executive officers. We pay the actual cost of these services provided to the executive up to a pre-determined ceiling depending on the level of the executive officer. The highest amount provided to any executive under the income tax, estate and financial planning program is \$10,000 per year. We also pay the cost of certain other perquisites for executive officers, including: parking at our headquarters building, a gasoline allowance and an annual physical examination. We had memberships at three clubs during 2011 held in the names of the Chairman and Chief Executive Officer and the President and Chief Operating

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Officer that were for use for business purposes. However, these memberships at clubs were cancelled as of December 31, 2011. We also have rights to the use of a suite at a sports arena that is available for business purposes by employees and directors. These suites generally are maintained for business entertainment, but may be used for personal use. The entire amount has been included in the table below, although we believe that only a portion of this cost represents a perquisite.

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The following table sets forth the incremental value of perquisites for the Named Executive Officers in 2009, 2010 and 2011 included in the All Other Compensation column (i) of the Summary Compensation Table above.

Fiscal Years 2009, 2010 and 2011 Incremental Cost of Perquisites**Provided to Named Executive Officers**

Name and Principal Position	Year	Tax and	Vehicle	Parking	Physical	Insurance	Tax	Club	Total
		Financial Counseling (\$)	Allowance (\$)				Gross-up (\$)	Dues (\$)	
Terry D. McCallister Chief Executive Officer and Chairman	2011	\$ 0	\$ 8,400	\$ 6,268	\$ 2,387	\$ 5,684	\$ 2,315	\$ 18,244	\$ 43,298
	2010	\$ 0	\$ 8,400	\$ 6,240	\$ 1,681	\$ 3,619	\$ 1,219	\$ 18,184	\$ 39,343
	2009	\$ 0	\$ 8,400	\$ 6,240	\$ 1,595	\$ 3,585	\$ 749	\$ 18,348	\$ 38,917
Vincent L. Ammann, Jr. Vice President and Chief Financial Officer	2011	\$ 0	\$ 8,400	\$ 3,134	\$ 1,439	\$ 3,365	\$ 680	\$ 0	\$ 17,018
	2010	\$ 0	\$ 8,400	\$ 3,120	\$ 1,733	\$ 2,938	\$ 538	\$ 0	\$ 16,729
	2009	\$ 0	\$ 8,400	\$ 3,120	\$ 1,393	\$ 3,200	\$ 467	\$ 0	\$ 16,580
Adrian P. Chapman President and Chief Operating Officer	2011	\$ 0	\$ 8,400	\$ 6,268	\$ 1,730	\$ 3,511	\$ 784	\$ 16,000	\$ 36,693
	2010	\$ 0	\$ 8,400	\$ 6,240	\$ 1,833	\$ 2,950	\$ 550	\$ 12,525	\$ 32,498
	2009	\$ 4,600	\$ 8,400	\$ 3,120	\$ 0	\$ 3,181	\$ 456	\$ 0	\$ 19,757
Beverly J. Burke Vice President and General Counsel	2011	\$ 0	\$ 8,400	\$ 3,134	\$ 2,235	\$ 4,496	\$ 1,525	\$ 0	\$ 19,790
	2010	\$ 0	\$ 8,400	\$ 3,120	\$ 0	\$ 3,291	\$ 891	\$ 0	\$ 15,702
	2009	\$ 0	\$ 8,400	\$ 3,120	\$ 0	\$ 3,801	\$ 903	\$ 0	\$ 16,224
Gautam Chandra Vice President	2011	\$ 0	\$ 8,400	\$ 3,134	\$ 1,495	\$ 2,870	\$ 305	\$ 0	\$ 16,204
	2010	\$ 0	\$ 8,400	\$ 3,120	\$ 1,823	\$ 2,564	\$ 164	\$ 0	\$ 16,071

The amounts set forth in the tax gross-up column in the above table represent the amount of taxes paid by the company on behalf of officers relating to life insurance coverage with benefits in excess of \$50,000. We provide the executive officers (and all employees) life insurance equal to one times the employees salary. Under the Internal Revenue Code, the cost of the first \$50,000 of life insurance paid by us is not taxable income to the employee. However, the premiums we paid for insurance in excess of \$50,000 is taxable income (imputed income) to the employee. The company grosses up the income of the Named Executive Officers for the taxes on this imputed income (i.e., we pay the taxes for the Named Executive Officers on this imputed income). The imputed income amount and the amount of the tax gross up are both taxable income to the Named Executive Officer.

The amounts under the column entitled, insurance in the above table represent the premiums paid by the company for the respective Named Executive Officer's long term care and imputed income for life insurance.

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The following Grants of Plan-Based Awards table sets forth information concerning the range of short-term incentive opportunities and opportunities under grants of performance shares and units to our Named Executive Officers during the fiscal year ended September 30, 2011. The grants in the following table were made under the Omnibus Incentive Compensation Plan.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards(1)			Grant Date Fair Value of Stock(2)
		Threshold	Target	Maximum	Threshold Number of Shares	Target Number of Shares	Maximum Number of Shares	
		(\$)	(\$)	(\$)	(#)	(#)	(#)	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Terry D. McCallister								
Short-term Incentive	N/A	176,953	566,250	976,781				
Performance Share Program	10/1/2010				9,084	18,167	36,334	\$ 747,390
Performance Unit Program	10/1/2010	343,182	686,364	1,372,728				\$ 747,450
Vincent L. Ammann, Jr.								
Short-term Incentive	N/A	69,609	222,750	384,244				
Performance Share Program	10/1/2010				3,133	6,265	12,530	\$ 257,742
Performance Unit Program	10/1/2010	118,344	236,688	473,376				\$ 257,753
Adrian P. Chapman								
Short-term Incentive	N/A	95,469	305,500	526,988				
Performance Share Program	10/1/2010				4,241	8,482	16,964	\$ 348,949
Performance Unit Program	10/1/2010	160,227	320,455	640,910				\$ 348,976
Beverly J. Burke								
Short-term Incentive	N/A	53,906	172,500	297,563				
Performance Share Program	10/1/2010				2,372	4,744	9,488	\$ 195,168
Performance Unit Program	10/1/2010	89,611	179,221	358,442				\$ 195,172
Gautam Chandra								
Short-term Incentive	N/A	53,906	172,500	297,563				
Performance Share Program	10/1/2010				2,372	4,744	9,488	\$ 195,168
Performance Unit Program	10/1/2010	89,611	179,221	358,442				\$ 195,172

Note that columns: (i) All Other Stock Awards, (j) All Other Option Awards: Number of Securities, and (k) Exercise Price of Option Awards, have been omitted in accordance with SEC rules because no such compensation was awarded to, earned by, or paid to the Named Executive Officers during fiscal year 2011.

No consideration was paid by any of the Named Executive Officers for the awards listed in the Grants of Plan-Based Awards table.

(1) Amounts in these columns represent the threshold, target and maximum payouts under our Performance Share Program for the 36-month performance period from October 1, 2010 through September 30, 2013.

(2) Amounts in this column represent the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 of performance unit and performance share awards granted in fiscal year 2011 at the target level of payout. The values of these awards, assuming that the highest level of performance conditions are achieved, are as follows: Performance shares: Mr. McCallister \$1,494,780; Mr. Ammann \$515,484; Mr. Chapman \$697,898; Ms. Burke \$390,336; and Mr. Chandra \$390,336. Performance units: Mr. McCallister \$1,494,900; Mr. Ammann \$515,506; Mr. Chapman \$697,952; Ms. Burke \$390,344 and Mr. Chandra \$390,344. For a discussion of the assumptions and methodologies used to calculate the amounts reported, see the discussion of performance shares and units contained in Note 11 (Stock Based Compensation) to the company's Consolidated Financial Statements, included as part of

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WGL Holdings 2011 Annual Report on Form 10-K filed with the Securities and Exchange Commission and incorporated herein by reference.
No Employment Agreements with Named Executive Officers

None of the Named Executive Officers have employment agreements with the company.

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Performance Shares and Performance Units

Performance share awards are denominated and paid out in shares of WGL Holdings common stock. Performance unit awards are denominated in dollars and are paid out in cash. In all other respects, the two awards are the same.

The vesting of performance share and performance unit awards is conditioned upon the performance of the company and the officer's continued employment. As long as each Named Executive Officer continues to remain an employee, performance shares and units become earned and vested based on WGL Holdings' comparative total shareholder return over a designated three-year performance period. Performance share award grantees do not have the rights of shareholders until the performance shares fully vest. Therefore, performance share grantees do not receive dividends or other earnings on the performance share until it fully vests. Since the performance units pay out in cash once vested, performance unit grantees do not receive dividends or other rights of shareholders.

For further information regarding the performance share and performance unit payout peer groups and the total shareholder return necessary for the vesting of performance shares, please see the discussion under the heading, "Long-Term Incentive Compensation-Performance Share and Performance Unit Awards" in the Compensation Discussion & Analysis section of this proxy statement.

Awards are converted to cash for shares to the extent necessary to satisfy minimum tax withholding or any governmental levies. Performance shares and performance units are generally forfeited for no value if a Named Executive Officer's employment terminates prior to the end of the performance period. However, a Named Executive Officer, subject to the sole discretion of the Human Resources Committee of the company's Board of Directors, may vest in all or a portion of his or her outstanding performance shares or performance units if his or her employment terminates as a result of retirement, death, or disability. In the event of a change in control, the target number of performance shares granted prior to December 15, 2006 will automatically vest as of the effective date of the change of control, and will be settled in stock as soon as practicable following the effective date of the change in control. Under certain circumstances, following a change in control, between 50% to 100% of an officer's outstanding performance share or performance unit awards granted on or after December 15, 2006 would become fully vested at target levels.

Options

The company has not granted stock options since October 1, 2006 because the company's compensation program changed to eliminate the granting of stock options and to begin granting performance shares and units. Each option award is a non-qualified option that may be exercised to purchase one share of WGL Holdings common stock at an exercise price equal to the fair market value of the underlying common stock on the grant date. The fair market value is the closing price of one share of WGL Holdings common stock, as reported on the New York Stock Exchange composite tape on the grant date, or if the common stock was not traded on such day, then on the next preceding day that the common stock was traded. The exercise price of options may be paid in cash, by delivery of already-owned shares of common stock of WGL Holdings or by any other method approved by the HR Committee. Awards are converted to cash to the extent necessary to satisfy minimum tax withholding or any governmental levies. Holders of option awards do not have the rights of shareholders until the option is exercised. Therefore, option holders do not receive dividends or other earnings on the underlying stock until the option is exercised.

Stock option awards have a three-year vesting period. Subject to continued employment, 100% of stock option awards vest and become exercisable on the third anniversary of the grant date. Options expire on the tenth anniversary of the date of grant. If employment is terminated because of death, permanent and total disability, or retirement, stock option awards will immediately vest and become exercisable. If employment terminates for any other reason, the unvested portion of stock option awards will immediately terminate. All options immediately become exercisable upon a change in

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control. If employment is terminated for cause, then all unexercised options, whether or not vested, will expire as of the employment termination date. Stock option awards are generally only transferable to a beneficiary upon death.

OUTSTANDING EQUITY AWARDS AT FISCAL 2011 YEAR-END

The following table summarizes the equity awards we have made to our Named Executive Officers which were outstanding as of September 30, 2011. Outstanding equity awards at fiscal year-end consist of non-qualified stock options, performance shares and performance units.

Name	Option Awards			Option Expiration Date(1)	Stock Awards		Stock Awards	
	Number of Securities Underlying Unexercised Options Exercisable(1)	Number of Securities Underlying Unexercised Options	Option Exercise Price(\$)		Equity Incentive Plan Awards: Number of Unearned Shares or Other Rights That Have Not Vested(2)(#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares or Other Rights That Have Not Vested(2)(#)	Equity Incentive Plan Awards: Number of Unearned Shares or Other Rights That Have Not Vested(3)(#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares or Other Rights That Have Not Vested(3)(#)
(a)	(b)	(c)	(e)	(f)	(i)	(j)	(k)	(l)
Terry D. McCallister								
Awarded 10-1-08					10,271	\$ 401,288	333,279	\$ 333,279
Awarded 10-1-09					16,400	\$ 640,748	543,506	\$ 543,506
Awarded 10-1-10					18,167	\$ 709,785	686,364	\$ 686,364
Vincent L. Ammann, Jr.								
Awarded 10-1-08					6,897	\$ 269,465	223,822	\$ 223,822
Awarded 10-1-09					6,789	\$ 265,246	225,000	\$ 225,000
Awarded 10-1-10					6,265	\$ 244,774	236,688	\$ 236,688
Adrian P. Chapman								
Awarded 10-1-08					6,171	\$ 241,100	200,262	\$ 200,262
Awarded 10-1-09					7,936	\$ 310,060	262,987	\$ 262,987
Awarded 10-1-10					8,482	\$ 331,392	320,455	\$ 320,455
Beverly J. Burke								
Awarded 10-1-08					5,244	\$ 204,883	170,157	\$ 170,157
Awarded 10-1-09					5,173	\$ 202,109	171,429	\$ 171,429
Awarded 10-1-10					4,744	\$ 185,348	179,221	\$ 179,221
Gautam Chandra								
Awarded 10-1-05	4,114		\$ 32.13	10/1/2015				
Awarded 10-1-08					4,165	\$ 162,727	135,144	\$ 135,144
Awarded 10-1-09					4,183	\$ 163,430	138,636	\$ 138,636
Awarded 10-1-10					4,744	\$ 185,348	179,221	\$ 179,221

(1) Subject to each Named Executive Officer's continued employment, each stock option grant becomes vested on the third anniversary of the date of grant. All exercisable options are currently vested. Please see the text under the heading, "Options" above for a description of the vesting conditions of stock options.

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- (2) Columns (i) and (j) relate to performance shares. Performance shares become earned and vested at the end of a three-year performance period, subject to: i) such officer's continued employment and ii) the comparative total shareholder return of WGL Holdings as compared to the total shareholder return of a peer group of companies during the three year performance period. The number of performance shares shown in the Awarded 10-1-08 , Awarded 10-1-09 , and Awarded 10-1-10 rows for each Named Executive Officer in column (i) of the Outstanding Equity Awards at Fiscal 2011 Year-End table are the target number of shares that may become earned if WGL Holdings total shareholder return is at the 50th percentile of its peer group of companies. The value shown in column (j) of the table is the number of shares shown in column (i) times the closing price of WGL Holdings common stock on September 30, 2011 (\$39.07), the last trading day of fiscal year 2011.
- (3) Columns (k) and (l) relate to performance units. Performance units become earned and vested at the end of a three-year performance period, subject to: i) such officer's continued employment and ii) the comparative total shareholder return of WGL Holdings as compared to the total shareholder return of a peer group of companies during the three year performance period. The number of performance units shown for each Named Executive Officer in column (k) of the Outstanding Equity Awards at Fiscal 2011 Year-End table in the Awarded 10-1-08 , Awarded 10-1-09 , Awarded 10-1-10 rows are the target number of units that may be earned if WGL Holdings total shareholder return is at the 50th percentile of its peer group of companies. The value shown in column (l) of the table is the number of units shown in column (k) multiplied by \$1.00 which is the value of each performance share unit.

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The following table provides additional information about the value realized by the Named Executive Officers on option award exercises and stock award vesting during the fiscal year ended September 30, 2011.

Name	Option Awards		Stock Awards		Value Realized on Vesting (\$)(2)(e)
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise(1)(\$)(c)	Number of Shares Acquired on Vesting (#)	Shares Withheld to Cover Taxes (#)	
	(b)	(c)	(d)	(e)	
Terry D. McCallister	97,543	\$ 793,029	18,667	6,155	\$729,320
Vincent L. Ammann, Jr.	0	\$ 0	11,130	3,584	\$434,849
Adrian P. Chapman	0	\$ 0	10,782	3,472	\$421,253
Beverly J. Burke	0	\$ 0	9,584	3,350	\$374,447
Gautam Chandra	17,300	\$ 133,148	6,628	2,135	\$258,956

(1) The amounts shown in the column, value realized on exercise equal the differences between (i) the market price of WGL Holdings common stock on the exercise date and (ii) the exercise price of those options, multiplied by the corresponding amount set forth in column (b).

(2) The amounts shown in the column, value realized on vesting equal the product of: (i) the closing market price of WGL Holdings common stock on the last day of the performance share vesting period (\$39.07) multiplied by (ii) the number of shares acquired upon vesting as set forth in column (d).

PENSION BENEFITS

The following table and related discussion describes the present value of accumulated benefits payable to each of our Named Executive Officers under our Washington Gas Light Company Employees Pension Plan (a qualified plan) and the Washington Gas Light Company Supplemental Executive Retirement Plan (a non-qualified plan).

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit (\$)
(a)	(b)	(c)	(d)
Terry D. McCallister	Pension Plan	11.5	\$ 305,961
	Supplemental Executive Retirement Plan	22.5	\$ 3,507,864
Vincent L. Ammann, Jr.	Pension Plan	8.0	\$ 172,024
	Supplemental Executive Retirement Plan	14.0	\$ 950,712
Adrian P. Chapman	Pension Plan	30.0	\$ 671,025
	Supplemental Executive Retirement Plan	30.0	\$ 2,027,098
Beverly J. Burke	Pension Plan	19.0	\$ 663,963
	Supplemental Executive Retirement Plan	30.0	\$ 2,542,236
Gautam Chandra	Pension Plan	9.0	\$ 122,443
	Supplemental Executive Retirement Plan	15.0	\$ 526,853

Note that column (e) Payments During Last Fiscal Year has been omitted in accordance with SEC rules because no such payments were made during fiscal year 2011.

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The following actuarial assumptions were used in determining the amounts set forth in the Pension Benefits table:

Measurement Date	September 30, 2011	September 30, 2010
Discount Rate	5.30%	5.5%
Pre-retirement Mortality	None	None
Postretirement Mortality	RP 2000	RP 2000
Retirement Age	Combined Healthy 65	Combined Healthy 65
Payment Form	Single Life Annuity	Single Life Annuity

For a discussion of the assumptions and methodologies used to calculate the amounts reported in the Pension Benefits table above, see the discussion contained in Note 10 (Pension and other Post-Retirement Benefit Plans) to the company's Consolidated Financial Statements, and Management's Discussion and Analysis of Financial Condition and Results of Operations included as part of WGL Holdings' 2011 Annual Report on Form 10-K filed with the SEC and incorporated herein by reference.

Pension and other Retirement Benefits

Washington Gas provides retirement benefits to the Named Executive Officers under the terms of qualified and non-qualified defined-benefit and defined-contribution retirement plans. Retirement benefits provide post-employment security to our employees. As of the end of the fiscal year 2011, there were three primary retirement benefit programs applicable to the Named Executive Officers:

the Washington Gas Light Company Savings Plan for Management Employees (401(k) Plan), a tax-qualified defined contribution plan in which the Named Executive Officers participate on the same terms as our other participating employees;

the Washington Gas Light Company Employees Pension Plan (Pension Plan), a qualified, trustee, non-contributory pension plan covering all active employees (including executive officers) and vested former employees of Washington Gas; and

the Washington Gas Light Company Supplemental Executive Retirement Plan (SERP), a non-qualified defined-benefit retirement plan which provides the Named Executive Officers a benefit up to 60% of the individual's final average compensation, as determined under that plan.

Pension Plan

The Named Executive Officers each participate in the Pension Plan. The Pension Plan is a tax-qualified defined benefit retirement plan which is now closed to new entrants. Participation in the Pension Plan was closed: (i) to employees hired on or after January 1, 2009 who are covered under the collective bargaining agreements with the International Brotherhood of Teamsters and Office and Professional Employees International Union Local 2, (ii) to management employees first hired on or after July 1, 2009, (iii) to Hampshire Gas Company employees first hired on or after January 1, 2010, and (iv) to employees first hired on or after January 1, 2010 who are covered by the collective bargaining agreement between Washington Gas and the International Brotherhood of Electrical Workers, Local 1900. Instead of Pension Plan benefits, employees hired after the aforementioned dates will receive an employer-provided contribution under the company's defined contribution plan (i.e., the 401(k) Plan).

The Pension Plan provides an unreduced retirement benefit at termination of employment at the normal retirement age of 65. A participant must have five years of accredited service under the Pension Plan to vest in a pension benefit.

The Pension Plan accrued benefit is calculated using a formula based on accredited service and final average compensation. Final average compensation is the average of the employee's rate of

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annual basic compensation on December 31 of each of the three calendar years of accredited service preceding the employee's normal retirement date, early or disability retirement date, actual date of retirement or date of termination of employment, whichever is applicable. Annual basic compensation consists of the regular annual salary or wages of an employee, excluding bonuses, compensation for overtime or other extra or special compensation, but including commissions, bonuses and other forms of incentive compensation paid to salesmen. The rate of final average compensation is multiplied by the percentage rate that applies to the participant's years of accredited service. Bargaining units representing certain Washington Gas employees have negotiated different percentages for their members. A change was made to the formula for calculating the retirement benefit for management employees and for employees covered by the collective bargaining agreement with the International Brotherhood of Electrical Workers, Local 1900 who retire on or after January 1, 2010 and for employees covered by Office and Professional Employees International Union Local 2 who retire on or after January 1, 2009. The retirement benefit for these employees will be determined by using the average of the retiree's highest three years of earnings, rather than the average of the retiree's last three years of earnings.

An early retirement benefit, discounted for age, is available to employees at age 55 with five years of accredited service. Employees having any combination of age and accredited service that equals 90 or more and employees with 30 years of accredited service may retire early without discounting their pension for age. As of the date of this proxy statement, of the Named Executive Officers, only Mr. Terry D. McCallister, our Chairman and Chief Executive Officer is eligible to receive an early retirement benefit.

The normal form of pension benefit is a joint and survivor annuity for a married employee and a single-life annuity for an unmarried employee. Participants may elect among various payment options that will be the actuarial equivalent of the normal form of retirement benefit. There is no lump sum optional form of payment under the current Pension Plan.

Also in 2009, several management employees were offered the choice of continuing to accrue benefits under the Pension Plan or instead have their Pension Plan benefit frozen and receive an enhanced benefit in the form of an employer contribution under the company's 401(k) plan. A number of management employees elected to freeze their benefit under the Pension Plan.

Supplemental Executive Retirement Plan

The Named Executive Officers each participate in the SERP which is a non-qualified, unfunded defined benefit retirement plan. The purpose of the SERP is to provide an additional incentive to attract and retain key employees designated by the Board of Directors. The Board of Directors of Washington Gas designates participants in the SERP.

The SERP provides a retirement benefit that supplements the benefit payable under the Pension Plan. The benefit amount is based on years of benefit service and the average of the participant's highest rates of annual basic compensation, including any short-term incentive awards, on December 31 of the three years out of the final five years of the participant's service as a participant. Benefit service under the SERP consists of years of accredited service under the Pension Plan plus the number of years of plan service under SERP, to a maximum of 30 years. There is a vesting schedule for the benefit that varies depending upon the point in time the individual became a participant in the SERP.

At normal retirement, the SERP participant is entitled to an annual benefit equal to the participant's vested percentage of an amount equal to 2% of final average compensation multiplied by the number of years of benefit service, reduced by the amount of the normal retirement benefit paid under the Pension Plan and the amount of any other supplemental pension benefit provided by Washington Gas. Participants in the WGL Holdings, Inc. and Washington Gas Light Company Change in Control Severance Plan for Certain Executives, described elsewhere in this proxy statement, may earn extra

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years of benefit service under the SERP in certain events of termination following a change in control, up to the maximum of 30 years of benefit service.

The SERP provides an unreduced retirement benefit at termination of employment at the normal retirement age of 65. An early retirement benefit, discounted for age, is available to participants at age 55 with 10 years of benefit service. As of the date of this proxy statement, of the Named Executive Officers, only Mr. Terry D. McCallister, our Chairman and Chief Executive Officer is currently eligible to receive an early retirement benefit under the SERP.

A participant in the SERP can elect the same forms of benefit available under the Pension Plan, and in addition can elect a lump sum payment form. For SERP benefits earned through December 31, 2004, the lump sum amount is limited to the amount of the benefit attributable to short-term incentive compensation. For benefits earned on and after January 1, 2005, participants may elect a lump sum benefit in any percentage. The lump sum amount is an actuarial determination based on the participant's life expectancy discounted using the yield on the zero-coupon U.S. Treasury security with maturity equal to the maturity of each year's payment. The lump sum shall equal the sum of the discounted payments.

NON-QUALIFIED DEFERRED COMPENSATION

The following table presents information regarding the contributions to and earnings on the Named Executive Officers' deferred compensation balances during fiscal year 2011, and also shows the total deferred amounts for the Named Executive Officers at the end of fiscal year 2011.

Name (a)	Plan	Executive Contributions in Last FY (b)	Registrant Contributions in Last FY (\$) (c)	Aggregate Earnings in Last FY \$(1) (d)	Aggregate Withdrawals/ Distributions (\$) (e)	Aggregate Balance at Last FYE (\$) (f)
Terry D. McCallister	n/a					
Vincent L. Ammann, Jr.	n/a					
Beverly J. Burke	Executive Incentive Compensation Plan	0	0	\$ 894.31	0	\$ 41,514
Adrian P. Chapman	n/a					
Gautam Chandra	n/a					

- (1) No deferrals of compensation were made during the 2011 fiscal year. The amount set forth in the above table for Ms. Burke reflects a deferral made on a bonus in the amount of \$28,500 during fiscal year 2001. The quarterly interest rate is equal to weekly average yield to maturity for five-year U.S. Treasury fixed interest rate securities (adjusted to a constant maturity of five years). This deferral was made under the Washington Gas Light Company Executive Incentive Compensation Plan which is currently inactive. The amount reported in column (d) in the above table is also included in the amount shown for Ms. Burke in column (h) of the Summary Compensation Table in this proxy statement.

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POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

Change in Control Severance Plan for Certain Executives

Each of the Named Executive Officers listed in the Summary Compensation Table in this proxy statement participates in the WGL Holdings, Inc. and Washington Gas Light Company Change in Control Severance Plan for Certain Executives (the "CIC Plan"), except for Ms. Burke who retired from the company effective December 31, 2011. Ms. Leslie T. Thornton, our current Vice President and General Counsel, was named as a participant in the CIC Plan when she joined the company in November 2011 as Counsel to the Chairman. Change in control protections provide severance pay and, in some situations, vesting or payment of long-term incentive awards, upon a change in control. The change in control provisions under the CIC Plan are effective during the period of one year prior to, and two years following, a change in control of WGL Holdings or Washington Gas Light Company. The CIC Plan incorporates the definition of a change in control as defined in the WGL Holdings, Inc. and Washington Gas Light Company Change in Control Policy ("CIC Policy"). A change in control generally will occur under the CIC Policy in the event of:

an acquisition of 30% or more of the voting stock of WGL Holdings or Washington Gas;

a change in the majority of the board of directors of WGL Holdings; or

a merger, reorganization, consolidation or sale of all or substantially all of the assets of WGL Holdings or Washington Gas. Generally, during the one year prior and two years following a change in control the executive is entitled to base salary, annual incentives, savings and retirement plans, welfare benefit plans, expenses, fringe benefits, office and vacation, consistent with those in place prior to the change in control or available after the change in control if more beneficial.

Annual base salary is defined as the amount equal to the highest base salary rate in effect during the period beginning twelve months immediately preceding a change in control and ending on the date of the Named Executive Officer's termination. The annual incentive bonus is equal to each executive's target annual bonus for the fiscal year in which the Named Executive Officer's employment is terminated. With respect to all the Named Executive Officers, if the Named Executive Officer is terminated during the effective period for reasons other than cause, or if the Named Executive Officer resigns for good reason, the Named Executive Officer is entitled to certain severance benefits. These benefits include:

salary replacement benefits equal to the sum of the executive's annual base salary plus annual incentive bonus multiplied by three for Messrs. McCallister, Chapman and Ammann and Ms. Thornton; and multiplied by two for Mr. Chandra;

the sum of any unpaid base salary and vacation pay through the termination date and the product of the executive's annual bonus and a fraction, the numerator of which is the number of days in the current fiscal year through the termination date, and the denominator of which is 365;

medical and dental replacement benefits for three years for Messrs. McCallister, Chapman and Ammann and Ms. Thornton; and such benefits for two years for Mr. Chandra;

an additional three years of benefit service under the SERP for Messrs. McCallister, Chapman and Ammann (Mr. Chandra will receive an additional two years of such benefit service), provided, in no event shall such additional service when added to the executive's SERP benefit service credit exceed the maximum of 30 years; and

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outplacement services of up to \$25,000; provided that such services are incurred by the executive within 12 months of his or her termination.

If a change in control payment exceeds the limit for deductible payments under Section 280G of the Internal Revenue Code by 10% or more, reimbursement will be made for the full amount of any

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excise taxes imposed on severance payments and any other payments under Section 4999 of the Internal Revenue Code and for all taxes due on the amount of that reimbursement. This excise tax gross-up provision is intended to preserve the level of change-in-control severance protections that we have determined to be appropriate. On November 17, 2010, the Board of Directors eliminated the reimbursement by the company of excise taxes imposed on such severance payments for any executive officers that become covered by the terms of the CIC Plan on or after January 1, 2011.

In the event of a change in control, the target number of a Named Executive Officer's unvested performance shares granted prior to December 15, 2006 will automatically vest as of the effective date of the change of control, and will be settled in stock as soon as practicable following the effective date of the change in control. Under certain circumstances, following a change in control, between 50% to 100% of a Named Executive Officer's outstanding performance share or performance unit awards granted on or after December 15, 2006 would become fully vested at target levels upon certain qualified terminations of employment. Together, the CIC Plan and the CIC Policy provide that a qualified termination triggers the receipt of severance benefits. Generally, a qualified termination means any termination of employment by a participant in the CIC Plan that is not initiated by the company and that is caused by any one or more of the following events, if such event occurs during the change in control effective period:

assignment to the participant, without his or her consent, of duties inconsistent in any material respect with the executive's then current position or duties (including, for Messrs. McCallister, Chapman, Ammann and Ms. Thornton, not having their current position at the most senior resulting entity following the change in control), or any other action by the company which would cause him or her to violate ethical or professional obligations, or which results in a significant diminution in such position or duties;

the participant, without his or her consent, being required to relocate to a principal place of employment that is both more than 35 miles from his or her existing principal place of employment, and farther from the participant's current residence than his or her existing principal place of employment;

the company materially reduces, without his or her consent, the participant's base salary rate or target bonus opportunity, or materially reduces the aggregate value of other incentives and retirement opportunity, or fails to allow the participant to participate in all welfare benefit plans, incentive, savings and retirement plan, fringe benefit plans and vacation benefits applicable to other senior executives; or

the company fails to obtain a satisfactory agreement from any successor entity to assume and agree to perform the company's obligations to the Named Executive Officer under the CIC Plan.

A Named Executive Officer will not be able to receive severance benefits for a qualified termination if the executive continues in employment with the company for more than 90 days following the later of the occurrence or knowledge of an event or events that would constitute a qualified termination. Also, the Named Executive Officer will not be entitled to receive severance benefits under the CIC Plan if the Named Executive Officer's employment with the company terminates because of a change in control and the Named Executive Officer accepts employment, or has the opportunity to continue employment, with a successor entity (other than under terms and conditions which would constitute a qualified termination).

The levels of change-in-control payments were developed in prior years and were either reaffirmed or adjusted after a thorough re-evaluation of such protection by the Human Resources Committee of the Board of Directors (the HR Committee) in 2006. That re-evaluation included input from the HR Committee's executive compensation advisor and considered both market practice and best practice. The circumstances and payments of compensation following a change in control are provided by the CIC Plan. In approving the CIC Plan, the HR Committee considered data provided by its advisor regarding competitive market practices regarding change-in-control benefits for senior

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executives. The HR Committee also considered the corporate and shareholder value of retaining certain executives following a change-in-control. The multiples of pay for various levels of officers reflect the HR Committee's judgment that those levels are fair, appropriate and reasonable for each officer.

In determining the appropriate payment and benefit levels under the CIC Plan, the HR Committee also considered the potential importance of retaining certain executives following a change-in-control to assist in a successful transition to a new organization and management. The CIC Plan is intended in part to provide some protection of employment and benefits for executives who agree to remain with a new organization following a change-in-control. The CIC Plan is a material part of our total compensation program. Each component of this program, including base salary, incentives, retirement benefits and the CIC Plan, has been designed to meet certain unique purposes. In the absence of a CIC Plan, it is unlikely that other elements of the total compensation program would have been different to offset the risk posed by the lack of a CIC Plan. The reason for this is that no other element of compensation can achieve the aims of the CIC Plan.

The severance benefits available under the CIC Plan are not additive or cumulative to severance or termination benefits that a Named Executive Officer might also be entitled to receive under the terms of any other arrangement or agreement with the company. As a condition of participating in the CIC Plan, the Named Executive Officer must expressly agree that the CIC Plan supersedes all prior plans or agreements providing for severance benefits.

The following table lists the amounts the Named Executive Officers were eligible to receive from the company under the CIC Plan if a change in control had occurred and the Named Executive Officer's employment was terminated either involuntarily without cause or as a result of a good reason termination effective as of September 30, 2011, the end of our 2011 fiscal year. The amounts would be payable in a single lump sum and, to the extent required to comply with Section 409A of the Internal Revenue Code, would not be paid to the Named Executive Officer prior to the date that is six months from the date of termination. The calculations in the table below are based on a common stock price equal to \$39.07 per share which was the closing price of WGL Holdings common stock on September 30, 2011, which was the last trading day of fiscal year 2011.

Table of Contents**Incremental Payments Due to Change-In-Control*****(assuming termination of employment on September 30, 2011)**

Payments Due to Change In Control	McCallister	Ammann	Chapman	Burke	Chandra
Cash severance	\$ 3,963,750	\$ 1,883,250	\$ 2,326,500	\$ 1,552,500	\$ 1,035,000
Add l value due to vesting of unvested perf. shares and units	\$ 2,580,415	\$ 971,723	\$ 1,224,879	\$ 738,102	\$ 666,649
Additional SERP amount due to vesting and service credit	\$ 762,410	\$ 1,203,355	\$	\$	\$ 851,1504
Medical and dental continuation	\$ 39,463	\$ 49,375	\$ 39,463	\$ 46,660	\$ 38,224
Outplacement (maximum)	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Sec 280(G) excise tax and related gross-up (paid to IRS)**	\$ 2,965,000	\$ 1,724,000	\$ 1,396,000	\$	\$ 1,061,000
Total	\$ 10,336,038	\$ 5,856,703	\$ 5,011,842	\$ 2,362,262	\$ 3,677,023

*SERP calculations were made using a 6.5% discount rate. Medical and dental continuation amounts are estimates. As a result, the Section 280G excise tax and related gross-up amounts have been rounded.

** This amount represents a reimbursement to the executive to cover the excise tax paid to the Internal Revenue Service on the change-in-control benefits. All severance benefits payable under the CIC Plan are subject to each participant's compliance with a post-employment restrictions policy. The policy defines the scope of restrictions that will apply to post-employment actions undertaken by executives who receive severance benefits following a termination of employment. The policy is intended to protect (i) confidential information belonging to the company that the executive had access to and possesses due to the nature of his or her position and (ii) the competitive business operations of the company. The restrictions under the policy last for one year following the executive's date of termination. The policy prohibits any terminated Named Executive Officer that receives the severance benefits described above from soliciting employees or customers and disclosing confidential information. For the purposes of the policy, confidential information includes, but is not limited to non-public information regarding computer programs, discoveries or improvements, marketing, manufacturing, or organizational research and development, or business plans; sales forecasts; personnel information, including the identity of employees, their responsibilities, competence, abilities, and compensation; pricing and financial information; current and prospective customer lists and information on customers or their employees; information concerning planned or pending acquisitions or divestitures; and information concerning purchases of major equipment or property.

Incremental Payments Due to Other Terminations

The company has no employment contracts and no guaranteed severances for terminations other than upon a change of control. Upon retirement, vesting of performance shares and units is at the discretion of the Human Resources Committee of the board of directors. The Human Resources Committee has historically not vested such awards upon retirement.

Table of Contents**EQUITY COMPENSATION PLAN INFORMATION**

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)*
Equity compensation plans approved by security holders	52,627	\$ 31.67	1,225,948
Equity compensation plans not approved by security holders	0	0	0
Total	52,627	\$ 31.67	1,225,948

*The number of securities remaining available for future issuance under the WGL Holdings, Inc. Omnibus Incentive Compensation Plan is reduced upon the issuance of securities, not at the time of grant.

The above table presents information regarding compensation plans under which common stock may be issued to employees and non-employees as compensation as of September 30, 2011. The company currently has three such plans: the Directors' Stock Compensation Plan, the 1999 Incentive Compensation Plan and the WGL Holdings, Inc. Omnibus Incentive Compensation Plan. Effective March 1, 2007, no further awards will be made under the 1999 Incentive Compensation Plan. Total shares shown in the above table include 142,135 shares available for future issuance under the Directors' Stock Compensation Plan and 1,136,440 shares available for issuance upon the vesting of performance shares and exercise of stock options under the Omnibus Incentive Compensation Plan. Performance shares that may be issued under the Omnibus Incentive Compensation Plan are calculated under a formula that enables a determination of the minimum and maximum number of performance shares that may be issued. This formula is further described above in this proxy statement in the Compensation Discussion and Analysis section under the caption, Long-Term Incentive Compensation.

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AUDIT COMMITTEE REPORT

The Audit Committee of the Board of Directors of the company is composed of four directors who are not employees of the company. Members of the committee are independent under rules of the Securities and Exchange Commission and the New York Stock Exchange. The names of the members of this committee as of the date of this proxy statement appear at the end of this report.

The Audit Committee oversees the company's financial reporting process on behalf of the company's Board of Directors and is directly responsible for the appointment, compensation and oversight of the company's independent public accountants. The committee maintains a charter that outlines its responsibilities. The committee met five times during fiscal year 2011.

The Audit Committee has implemented the requirements of the Sarbanes-Oxley Act of 2002 and rules of the New York Stock Exchange with respect to the responsibilities of audit committees of public companies. Among other matters, the Audit Committee reviews procedures on internal control over financial reporting with management and with the company's independent public accountants. The Audit Committee and the company's full board of directors are committed to compliance with all provisions of that statute and related regulations. Further actions have been taken by the Audit Committee and the board of directors as statutory and regulatory provisions became effective for audit committees and independent auditors.

The Audit Committee reviewed and discussed the company's audited financial statements with management of the company and the independent public accountants. The Audit Committee discussed with the company's internal auditor and the independent public accountants the overall scope and specific plans for their respective audits and the adequacy of the company's internal controls.

The Audit Committee discussed with the independent public accountants those matters required to be discussed by Statement on Auditing Standards No. 114, as amended (AICPA, Professional Standards, Vol. 1, AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T. The committee received the written disclosures and the letter from the independent public accountants required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the audit committee concerning independence, and has discussed with the independent accountant the independent accountant's independence.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the company's Annual Report on Form 10-K for the year ended September 30, 2011, for filing with the Securities and Exchange Commission.

AUDIT COMMITTEE

George P. Clancy, Jr. (Chair)

Melvyn J. Estrin

James F. Lafond

Debra L. Lee

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Deloitte & Touche LLP (Deloitte), the company's independent registered public accounting firm, billed the company the following fees for fiscal years 2011 and 2010:

	2011	2010
Audit Fees	\$ 2,065,264	\$ 2,180,046
Audit Related Fees	0	0
Tax Fees	25,000	25,000
All Other Fees	0	0
Total Fees	\$ 2,090,264	\$ 2,205,406

Services Provided by Deloitte

All services rendered by Deloitte are permissible under applicable laws and regulations and were pre-approved by the Audit Committee, or by the Chair of the Audit Committee by delegated authority as required by law. The fees paid to Deloitte for services are described in the above table under the categories listed below.

- 1) **Audit Fees** – These are fees for professional services performed by Deloitte for the audit of the company's annual financial statements and review of financial statements included in the company's quarterly filings on Form 10-Q, and services that are normally provided in connection with statutory and regulatory filings or engagements. For fiscal years 2011, and 2010 the total audit fees include 708,975 and \$677,116 respectively, to perform an assessment of the company's internal control over financial reporting as required by Section 404 of the Sarbanes-Oxley Act of 2002.
- 2) **Audit-Related Fees** – These are fees for services performed by Deloitte related to the audit.
- 3) **Tax Fees** – These are fees for professional services performed by Deloitte with respect to tax compliance, tax advice and tax planning. This includes review of tax returns for the company and its consolidated subsidiaries.
- 4) **All Other Fees** – These are fees for other permissible work performed by Deloitte that does not meet the above category descriptions. These services are actively monitored (as to both spending level and work content) by the Audit Committee to maintain the appropriate objectivity and independence in Deloitte's core work, which is the audit of the company's consolidated financial statements and the assessment of internal controls in accordance with Section 404 of the Sarbanes-Oxley Act of 2002.

Pre-approval policy for audit and non-audit services

In accordance with the provisions of the Sarbanes-Oxley Act of 2002, all audit and non-audit services provided to the company by its independent auditors must be pre-approved by the Audit Committee. The Sarbanes-Oxley Act of 2002 permits the Audit Committee to delegate to one of its members the authority to approve audit and non-audit services by the company's independent auditors when the Audit Committee is not in session. In October 2003, the Audit Committee adopted a policy that allowed the Chair of the Audit Committee to approve those services between meetings if the fees for the services did not exceed \$100,000. Under the policy, the Chair of the Audit Committee reported as soon as possible to the other Audit Committee members if the Chair was required to use this delegated authority between Audit Committee meetings.

In August 2011, the Audit Committee amended this policy. Effective August 3, 2011, the Chair of the Audit Committee may approve audit related services provided by the company's independent auditors between meetings of the Audit Committee if the fees for the services do not exceed \$100,000.

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The Chair of the Audit Committee will report as soon as possible to the other Audit Committee members if the Chair is required to use this delegated authority between Audit Committee meetings. However, under the policy, the entire Audit Committee must approve any non-audit related services to be provided by the company's independent auditors prior to the provision of such services. All services reported in the preceding schedule for fiscal years 2011 and 2010 were pre-approved by either the full Audit Committee or by the Chair of the Audit Committee, by delegated authority.

PROPOSAL 2

RATIFICATION OF APPOINTMENT OF INDEPENDENT PUBLIC ACCOUNTANTS

At a meeting held on November 21, 2011, the Audit Committee of the Board of Directors appointed the firm of Deloitte & Touche LLP, independent public accountants, to audit the books, records and accounts of the company for fiscal year 2012. The board of directors recommends that the shareholders ratify this appointment.

Representatives of Deloitte & Touche LLP will be present at the annual meeting and will have the opportunity to make a statement if they desire to do so, and will be available to respond to appropriate questions.

The board of directors recommends a vote FOR this proposal.

PROPOSAL 3

RE-APPROVAL OF WGL HOLDINGS, INC.

OMNIBUS INCENTIVE COMPENSATION PLAN

On December 15, 2006, the board of directors adopted the WGL Holdings, Inc. Omnibus Incentive Compensation Plan (the "Plan"). It was approved by shareholders at our 2007 Annual Meeting of Shareholders. No changes have been made to the Plan since it was initially approved by shareholders in 2007 and no additional shares are being requested under Plan at this time. As described in greater detail below, we are requesting re-approval by shareholders of the material terms of the performance goals under the Plan so that compensation payable under the Plan to certain executive officers remains tax deductible under Section 162(m) of the Internal Revenue Code (IRC).

The Plan allows the company to make awards that qualify as performance-based compensation under Section 162(m) of the IRC. Section 162(m) of the IRC generally limits the company's federal income tax deduction for compensation paid to certain covered employees (generally the chief executive officer and the four highest paid executive officers other than the chief executive officer) to \$1 million each, unless all amounts in excess of \$1 million qualify for an exception to the limit. One of the available exceptions is for compensation that qualifies as performance-based compensation. This exception allows amounts awarded under the Plan to be deductible by the company for federal income tax purposes, even if, when combined with other compensation, the award causes the compensation of any executive to exceed \$1 million.

To qualify as performance-based compensation, Section 162(m) of the IRC requires, among other things, that the performance measures under the Plan be disclosed to and re-approved by the company's shareholders every five years when, as is the case under the Plan, the Human Resources Committee of the Board of Directors has the ability to change the targets under a performance goal after shareholder approval. A summary of the principal provisions of the Plan is set forth below. This summary is qualified in its entirety by reference to the Plan. The Plan is incorporated by reference to Exhibit 10.2 of the company's Current Report on Form 8-K filed with the Securities and Exchange Commission on December 21, 2006.

The Plan provides the company with flexibility to award key personnel both short and long-term equity-based and cash incentives. The board of directors believes that this flexibility in awarding

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various types of incentive compensation is important for several reasons: first, the use of performance-based incentives promotes a better alignment of the interests of key personnel and the company's shareholders. Second, the flexibility under the Plan enables the company to adapt its compensation programs for key personnel in a manner which meets or improves upon compensation programs being offered by the company's competitors and peers, thereby attracting key personnel and encouraging them to stay with the company. Third, the Plan enables the company, in connection with an acquisition, to offer flexible incentives to the key employees of the business being acquired to remain employed by the company for an extended period of time, thus effecting a more efficient and productive post-acquisition transition period.

Description of the Plan

Authority of Committee. Awards under the Plan are generally granted by the Human Resources Committee of the Board (the Committee). The Committee has the authority, among other things, to (i) select the persons to be granted awards; (ii) determine the form of awards, or combinations thereof, and whether such awards are to operate on a tandem basis or otherwise in conjunction with other awards; (iii) determine the number of shares of common stock, units or other rights covered by an award; and (iv) determine the other terms and conditions of awards, including any restrictions on transfer, any performance goals, any vesting schedules and any deferral or forfeiture provisions, and any acceleration or waiver thereof. Awards granted under the Plan are not assignable or transferable except by the laws of descent and distribution or as may be permitted by the Committee.

Eligibility. Executive officers and other key employees of the company or of any of the company's subsidiaries, including any member of the board of directors who is also an employee, and persons who provide consulting or other services to the company or any subsidiary deemed by the Committee to be of substantial value, are eligible to be granted awards. In addition, persons who have been offered employment by the company or any subsidiary, and persons employed by an entity that the Committee reasonably expects to become a subsidiary, are eligible to be granted awards. It is not possible to estimate the total number of persons who may be eligible to be granted awards under the Plan. As of January 3, 2012, there were 13 executive officers and approximately 60 other employees participating in the Plan and there were 1,054,437 shares of WGL Holdings common stock reserved for issuance under the Plan.

Types of Awards. Awards authorized under the Plan include:

- (i) common stock to be delivered after the expiration of a deferral period, with respect to which the participant will generally not have the rights of a shareholder during the period of deferral;
- (ii) stock appreciation rights, whether in conjunction with the grant of stock options or independent of such grant, which will be granted at not less than 100% of the fair market value of the common stock on the date of grant;
- (iii) common stock subject to restrictions on transferability and other restrictions, with respect to which a participant will generally have the rights of a shareholder during the period of restriction (restricted stock);
- (iv) dividend equivalents, consisting of a right to receive cash, common stock, other awards or other property equal in value to dividends paid with respect to a specified number of shares of common stock;
- (v) common stock granted as a bonus or in lieu of company obligations to pay cash under other plans or compensatory arrangements;
- (vi) options to purchase shares of common stock, including incentive stock options (ISOs) and non-qualified stock options, which will be granted at not less than 100% of the fair market value of the common stock on the date of grant; and

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(vii) other awards, including awards that are payable, in whole or in part, in shares of common stock or the value of which are based, in whole or in part, on the value of shares of common stock, and awards to be settled, in whole or in part, in cash or other property other than common stock.

No Plan participant may be granted awards relating to more than 400,000 shares of common stock during any calendar year. The number of shares that may be delivered in the form of restricted stock is limited to an aggregate of 300,000 shares of common stock. The number of shares of common stock delivered pursuant to the exercise of ISOs may not exceed 1,825,000, subject to adjustment. In addition, with respect to cash awards, no participant may be paid during any Plan year cash or other property exceeding the greater of the fair market value of 400,000 shares of common stock or five million dollars (\$5,000,000), whichever is greater. The closing price per share of WGL Holdings common stock reported on the New York Stock Exchange was \$44.30 on January 3, 2012.

Shares subject to any award which is canceled, expired, forfeited, settled in cash or otherwise terminated without delivery of shares of common stock will again be available for awards, including shares of restricted stock that are forfeited and shares withheld or surrendered in payment of the exercise price of an award or taxes related to an award.

Performance Measures and Goals. The terms of the Plan are intended to, among other things, permit the Committee to impose performance goals with respect to any award, thereby requiring forfeiture of all or part of any award if such performance goals are not met, or linking the time or amount of exercisability, vesting, payment or settlement of an award to the achievement of performance goals. The Plan provides that the performance goals will be based on certain specified business criteria which are intended to encompass a wide range of financial and operational activities of the company on a consolidated basis and/or for specified subsidiaries or business units of the company. For example, the business criteria used by the Committee in establishing the performance goals for such awards includes, but is not limited to:

- (i) earnings;
- (ii) net income;
- (iii) net income applicable to common stock;
- (iv) revenue;
- (v) cash flow;
- (vi) return on assets;
- (vii) return on net assets;
- (viii) return on invested capital;
- (ix) return on equity;
- (x) profitability;
- (xi) economic value added;
- (xii) operating margins or profit margins;
- (xiii) income before income taxes; and
- (xiv) and other financial and relevant operational benchmarks.

The levels of performance required with respect to such business criteria may be expressed in absolute or relative terms, including, without limitation, per share amounts and comparisons to the performance of a published or special index deemed applicable by the Committee, such as the Standard & Poor's 500 Stock Index or the performance of one or more comparator companies. In establishing the level of the performance goal to be attained, the Committee may disregard or offset the effect of such factors as extraordinary and/or nonrecurring events as determined by the company's independent certified public accountants in accordance with generally accepted accounting principles and changes in or modifications to accounting standards as may be required by the Financial Accounting Standards Board. Achievement of performance goals with respect to such awards will be measured over a period of not less than one year nor more than five years, as the Committee may specify. Performance goals may differ for awards to different participants. The Committee will specify

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the weighting to be given to each business criterion for purposes of determining the final amount payable with respect to an award. The Committee may reduce the amount of a payout otherwise to be made in connection with the award, but may not exercise its discretion to increase such amount, and the Committee may consider other performance goals in exercising such negative discretion. All determinations by the Committee as to the attainment of performance goals will be in writing. The Committee may not delegate any responsibility with respect to an award that is intended to qualify as performance-based compensation under Internal Revenue Code section 162(m).

Change of Control. Awards under the Plan are generally subject to special provision upon the occurrence of a Change of Control as defined in the WGL Holdings, Inc. and Washington Gas Light Company Change in Control Severance Plan for Certain and the company's Change in Control Policy referenced under, POTENTIAL PAYMENTS UPON A CHANGE IN CONTROL Change in Control Severance Plan for Certain Executives elsewhere in this proxy statement.

If the material terms of the performance goals under the Plan are not re-approved by the company's shareholders, the Plan will remain effective and will terminate on May 5, 2017, unless terminated earlier by the board of directors. The board may amend the Plan as it deems advisable, except that it may not amend the Plan without shareholder approval where the absence of such approval would cause the Plan to fail to comply with any requirement of applicable law or regulation. The company expects that, upon shareholder re-approval of the material terms of the Plan performance goals as set forth in this Proposal 3, awards under the Plan will qualify as performance-based compensation that is exempt from the \$1,000,000 annual deduction limit (for federal income tax purposes) as provided under Internal Revenue Code Section 162(m). Because of ambiguities and uncertainties as to the application and interpretation of Section 162(m) and the regulations issued thereunder, no assurance can be given, notwithstanding the company's efforts, that compensation intended by the company to satisfy the requirements for deductibility under Section 162(m) will in fact do so.

Vote Needed for Passage of Proposal

To be approved, this proposal must receive more votes cast in favor of the proposal than the number of votes cast against the proposal.

The board of directors recommends a vote FOR the re-approval of the WGL

Holdings, Inc. Omnibus Incentive Compensation Plan.

PROPOSAL 4

ADVISORY VOTE ON EXECUTIVE COMPENSATION

We are seeking a non-binding advisory vote from shareholders to approve the compensation awarded to certain executives. Because the required vote is advisory, it will not be binding upon the board.

The company has in place comprehensive executive compensation programs. The proxy statement fully and fairly discloses all material information regarding the compensation of the company's named executive officers, so that shareholders can evaluate the company's approach to compensating its executives. The company and the Human Resources Committee of the board of directors continually monitor executive compensation programs and adopt changes to reflect the dynamic marketplace in which the company competes for talent, as well as general economic, regulatory and legislative developments affecting executive compensation.

The company will continue to emphasize compensation arrangements that align the financial interests of our executives with the interests of long-term shareholders and encourage executives to retain ownership of a significant portion of WGL Holdings stock they receive as compensation. Please refer to the section entitled, Compensation of Executive Officers and the Compensation Discussion

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and Analysis of this proxy statement for a detailed discussion of the company's executive compensation practices and philosophy.

You have the opportunity to vote for , against or abstain from voting on the following resolution relating to executive compensation:

RESOLVED, that the shareholders of WGL Holdings, Inc. common stock approve the compensation of the company's executives as disclosed pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the compensation tables and related material disclosed in the proxy statement.

Board of Directors Recommendation The board of directors recommends that shareholders vote FOR the foregoing resolution for the following reasons:

Data shows that our philosophy of paying at the size-adjusted 50th percentile of the utilities marketplace is conservative compared to general industry.

Our pay program is heavily performance-based. Our short-term incentives reward performance against more than ten investor and customer measures, and we have paid out zero in prior years if our performance did not meet our pre-set goals. Our long-term incentive program is aligned to shareholder interests through its focus on peer group total shareholder return; it pays out commensurate with our stock performance against other utilities.

We have not granted stock options since October 1, 2006 and have never backdated or re-priced stock options.

Our use of perquisites is modest.

We have adopted a clawback provision that would lead to recoupment of short-term incentives in the event we found they had been awarded based on materially inaccurate financial statements or any other materially inaccurate performance metric criteria.

It is not our custom to use employment contracts and we have none outstanding.

Our change-in-control severance is at market level or lower, and designed to enable the company to maintain a stable executive team in the face of a possible business combination.

Our Human Resources Committee, which oversees executive compensation, uses an independent executive compensation advisor who reports directly to that committee.

For the above reasons, the board of directors recommends that shareholders vote FOR proposal 4.

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PROPOSAL 5

SHAREHOLDER PROPOSAL

Mrs. Evelyn Y. Davis, whose address is The Watergate Office Building, 2600 Virginia Ave., N.W., Suite 215, Washington, D.C. 20037, has given notice of her intention to present a proposal for consideration by the shareholders at the annual meeting. The proposal of Mrs. Davis, who is owner of record of 280 shares of common stock of the company, is set forth below in the form of a resolution along with her supporting statement.

Your board of directors opposes the adoption of the following proposal for the reasons stated after the proposal and, therefore, recommends that shareholders vote AGAINST the proposal.

RESOLVED, That the stockholders of WGL Holdings assembled in Annual Meeting in person and by proxy, hereby request the Board of Directors to take the necessary steps to provide for cumulative voting in the election of directors, which means each stockholder shall be entitled to as many votes as shall equal the number of shares he or she owns multiplied by the number of directors to be elected, and he or she may cast all of such votes for a single candidate, or any two or more of them as he or she may see fit.

REASONS: Many states have mandatory cumulative voting, so do National Banks. In addition, many corporations have adopted cumulative voting.

Last year the owners of 12,560,859 representing approximately 36.2% of the shares voting, voted FOR my proposal.

If you AGREE, please mark your proxy FOR this resolution.

Board of Directors Recommendation The board of directors recommends that shareholders vote AGAINST this shareholder proposal for the following reasons:

Your board of directors believes it is important for each member of the board to represent all shareholders, not just a particular interest group or faction.

Persons serving on the company's board of directors have wide experience in law, accounting, business and finance. Directors are not elected to represent a particular viewpoint, and the directors do not believe it is desirable to select candidates for election in that manner.

These objectives of your directors are fundamentally different from the objectives of a cumulative voting procedure. Cumulative voting could permit a relatively small group of shareholders to elect a particular director. A director elected through cumulative voting might therefore become (or appear to become) an advocate for a particular shareholder or shareholders. This result could be directly opposite to the purpose of having each member of your board of directors represent all shareholders. Cumulative voting for directors could also result in factions and interest groups being created in the board, causing significant interference with the board deliberative process.

For these reasons, the board of directors and the management oppose the proposed resolution.

Mrs. Davis has submitted substantially the same proposal each year since 1986 and it has been defeated by our shareholders each year.

For the above reasons, the board of directors recommends that shareholders vote AGAINST proposal 5.

OTHER MATTERS

The board of directors knows of no other matters to be brought before the annual meeting. However, if any other matters come before the meeting, it is the intention of the proxyholders, who are

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named in the proxy card and elsewhere in this proxy statement, to vote in accordance with their best judgment on such matters. The annual report for fiscal year 2011, including financial statements, was posted to our web site www.wglholdings.com on January 20, 2012.

Upon written request, the company will furnish without charge a copy of its most recent annual report on Form 10-K. **Please direct these requests to: Director of Investor Relations, WGL Holdings, Inc., 101 Constitution Ave., N.W., Washington, D.C. 20080.**

SHAREHOLDER PROPOSALS FOR THE NEXT ANNUAL MEETING

Any shareholder who wishes to submit a proposal for inclusion in the company's proxy statement for the annual meeting of shareholders to be held in year 2013 (expected to be held in March 2013) must submit that proposal so it is received by the company's Corporate Secretary no later than the close of business on September 21, 2012. To be included in the company's proxy statement, the shareholder proposal must meet the requirements of the applicable rules of the Securities and Exchange Commission. Proposals should be addressed to: Corporate Secretary, WGL Holdings, Inc., 101 Constitution Ave., N.W., Washington, D.C. 20080.

Other business matters to be brought by shareholders, including any nominations for board membership, can only be considered at the shareholder meeting in accordance with advance notice provisions of the company's bylaws. Notice of these matters must be received by the company's Corporate Secretary not less than sixty (60) calendar days prior to the scheduled date of the next annual meeting of shareholders, or December 31, 2012, assuming the next annual meeting of shareholders is held on March 1, 2013. Notice of such matters should be addressed to: Corporate Secretary, WGL Holdings, Inc., 101 Constitution Ave., N.W., Washington, D.C. 20080. A copy of the bylaws which describes the advance notice procedures can be obtained from the Corporate Secretary at the address shown in this paragraph.

By order of the board of directors,

Arden T. Phillips

Secretary and Corporate Governance Officer

January 20, 2012

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WGL HOLDINGS, INC.
101 CONSTITUTION AVENUE, N.W.
WASHINGTON, DC 20080

VOTE BY INTERNET - www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information until 11:59 P.M. Eastern Time on February 29, 2012. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions until 11:59 P.M. Eastern Time on February 29, 2012. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

M39910-P19130 KEEP THIS PORTION FOR YOUR RECORDS

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED. DETACH AND RETURN THIS PORTION ONLY

WGL HOLDINGS, INC.

For Withhold For All
All All Except

To withhold authority to vote for any individual nominee(s), mark **For All Except** and write the number(s) of the nominee(s) on the line below.

The Board of Directors recommends you vote FOR the following:

1. Election of Directors
Nominees:
 01) Michael D. Barnes 05) Nancy C. Floyd
 02) George P. Clancy, Jr. 06) James F. Lafond
 03) James W. Dyke, Jr. 07) Debra L. Lee
 04) Melvyn J. Estrin 08) Terry D. McCallister

The Board of Directors recommends you vote FOR the following proposals:

For Against Abstain

The Board of Directors recommends you vote AGAINST the following proposal:

For Against Abstain

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- | | | | | | | | | | |
|----|--------------------------------------------------------------------------------------------------------------------|---|---|---|----|---------------------------------------------------------------------------------------------------------------|---|---|---|
| 2. | Proposal to ratify the appointment of Deloitte & Touche LLP as independent public accountants for fiscal year 2012 | " | " | " | 5. | Proposal to provide cumulative voting in the election of directors. | " | " | " |
| 3. | Proposal to re-approve the WGL Holdings, Inc. Omnibus Incentive Compensation Plan. | " | " | " | 6. | In their discretion, upon such other business properly brought before the meeting or any adjournment thereof. | | | |
| 4. | Proposal to approve, by non-binding vote, compensation paid to certain executive officers. | " | " | " | | | | | |

For address change/comments, mark here. "

(see reverse for instructions)

The shares represented by this proxy, when properly executed, will be voted in the manner directed herein by the undersigned shareholder(s). **If no direction is made, this proxy will be voted: FOR items 1, 2, 3, and 4; and AGAINST item 5.** If any other matters properly come before the meeting, the persons named in this proxy will vote in their discretion.

Signature [PLEASE SIGN WITHIN BOX] Date

Signature (Joint Owners) Date

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Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:

The Notice and Proxy Statement and Annual Report are available at www.proxyvote.com.

M39911-P19130

WGL HOLDINGS, INC.

Annual Meeting of Shareholders

March 1, 2012

This proxy is solicited on behalf of the Board of Directors

The shareholder(s) hereby appoint(s) Terry D. McCallister, Adrian P. Chapman, and Vincent L. Ammann, Jr., or any of them, as proxies, each with the power to appoint his substitute, and hereby authorizes them to represent and to vote, as designated on the reverse side of this proxy, all of the shares of common stock of WGL Holdings, Inc. that the shareholder(s) is/are entitled to vote at the Annual Meeting of Shareholders to be held at the National Press Club, 529 14th St., N.W., Washington, D.C. 20045 on Thursday, March 1, 2012, at 10:00 a.m., Eastern Time and any adjournment or postponement thereof.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED AS DIRECTED BY THE SHAREHOLDER(S). IF NO SUCH DIRECTIONS ARE MADE, THIS PROXY WILL BE VOTED: FOR THE ELECTION OF THE NOMINEES LISTED ON THE REVERSE SIDE FOR THE BOARD OF DIRECTORS; FOR PROPOSALS 2, 3 AND 4; AND AGAINST PROPOSAL 5.

PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY USING THE ENCLOSED REPLY ENVELOPE

Address change/comments: _____

(If you noted any Address Changes and/or Comments above, please mark corresponding box on the reverse side.)

Continued and to be signed on reverse side